



Ministry of
Treasury and
Economics

1991-1992

Public Accounts of Ontario

VOLUME 2

**Financial Statements of
Crown Corporations,
Boards, Commissions**

This publication is also available in French
Ce document est également publié en français

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**MINISTERIAL RESPONSIBILITY FOR
CROWN CORPORATIONS, BOARDS AND COMMISSIONS**

Minister of Agriculture and Food
The Crop Insurance Commission of Ontario
Farm Income Stabilization Commission of Ontario
The Ontario Junior Farmer Establishment Loan Corporation

Attorney General
Accountant of the Ontario Court
The Public Trustee of the Province of Ontario

Minister of Consumer and Commercial Relations
Liquor Control Board of Ontario

Minister of Culture and Communications
Royal Ontario Museum

Minister of Education
Ontario Teachers' Pension Plan

Minister of Energy
Ontario Energy Corporation
Ontario Hydro

Minister of the Environment
Ontario Waste Management Corporation

Minister of Government Services
Ontario Mortgage Corporation

Minister Responsible for the Office for the Greater Toronto Area
Interim Waste Authority

Minister of Housing
Ontario Housing Corporation

Minister of Industry, Trade and Technology
Ontario Aerospace Corporation
The Development Corporations (combined)
Ontario Development Corporation
Eastern Ontario Development Corporation
Northern Ontario Development Corporation
Innovation Ontario Corporation
Ontario Centre for Resource Machinery Technology
Ontario International Corporation

Minister of Labour
Workers' Compensation Board

Management Board
Ontario Pension Board

Minister of Natural Resources
Algonquin Forestry Authority

Minister of Northern Development and Mines
Ontario Northland Transportation Commission

Minister of Tourism and Recreation
The Niagara Parks Commission
Ontario Lottery Corporation
Ontario Place Corporation

Minister of Transportation
Ontario Transportation Development Corporation
Toronto Area Transit Operating Authority
Urban Transportation Development Corporation Ltd.

Treasurer of Ontario
Stadium Corporation of Ontario Limited
The Ontario Municipal Improvement Corporation



A GUIDE TO PUBLIC ACCOUNTS

1. SCOPE OF THE PUBLIC ACCOUNTS

The 1991-92 Public Accounts of the Province of Ontario comprise the financial statements and three volumes:

Volume 1 contains the financial statements of the Province and schedules of supporting information.

Volume 2 contains the financial statements of selected provincial crown corporations, boards and commissions.

Volume 3 contains the details of expenditures.

2. A GUIDE TO VOLUME 2 OF THE PUBLIC ACCOUNTS

The financial statements of the selected crown corporations, boards and commissions are for fiscal periods ending within the Province's own fiscal period April 1, 1991 to March 31, 1992. They are presented in the same detail as the approved, audited financial statements and as nearly as possible in the same form. The statements have been presented alphabetically as shown in the Table of Contents. In addition, a listing is provided which groups the crown corporations, boards and commissions by ministerial responsibility.



ACCOUNTANT OF THE ONTARIO COURT (General Division)

AUDITORS' REPORT

TO THE ASSISTANT DEPUTY ATTORNEY GENERAL,
FINANCE AND ADMINISTRATION DIVISION

We have audited the balance sheet of Accountant of the Ontario Court (General Division) as at March 31, 1992 and the statement of income and capital reserve account for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 1992 and the results of its operations for the year then ended in accordance with the accounting principles described in note 2 to the financial statements.

Markham, Ontario
24 June 1992

BDO Dewdney Wood MacLellan

CHARTERED ACCOUNTANTS

ACCOUNTANT OF THE ONTARIO COURT (General Division)
(See Note 1)

BALANCE SHEET
AS AT MARCH 31, 1992

	1992 (\$000's)	1991 (\$000's)
ASSETS		
Cash	\$ 2,350	\$ -
Investments, at cost		
(market value \$387,849;		
1991 - \$334,116) (Schedule 1)	<u>434,967</u>	<u>377,163</u>
	<u>\$437,317</u>	<u>\$377,163</u>
LIABILITIES AND CAPITAL RESERVE ACCOUNT		
Liabilities		
Bank indebtedness	\$ -	\$ 1,747
Suits and matters (note 3)	400,901	343,759
Land titles funds	1,937	1,885
Other	<u>133</u>	<u>172</u>
	402,971	347,563
Capital Reserve Account	<u>34,346</u>	<u>29,600</u>
	<u>\$437,317</u>	<u>\$377,163</u>

See accompanying schedule and notes to financial statements.

Approved

Commendita R. Alexander

The Accountant of the Ontario Court (General Division)

ACCOUNTANT OF THE ONTARIO COURT (General Division)
(See Note 1)

STATEMENT OF INCOME AND CAPITAL RESERVE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1992

	1992 (\$000's)	1991 (\$000's)
Income		
Interest	\$ 40,404	\$ 37,971
Expenditure		
Interest	35,334	35,387
Administrative		
Salaries and wages	329	321
Employee benefits	55	48
Transportation and communication	8	10
Services	30	152
Supplies and equipment	43	159
	<u>35,799</u>	<u>36,077</u>
Excess of income over expenditure	4,605	1,894
Capital Reserve Account, beginning of year	<u>29,600</u>	<u>27,919</u>
	34,205	29,813
Gain (loss) on sale of investments	<u>141</u>	<u>(213)</u>
Capital Reserve Account, end of year	<u>\$ 34,346</u>	<u>\$ 29,600</u>

See accompanying schedule and notes to financial statements.

ACCOUNTANT OF THE ONTARIO COURT (General Division)
(See Note 1)

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. GENERAL

The office of the Accountant of the Ontario Court (General Division) is the depository for most funds, mortgages and securities which are paid into the Ontario Court (General Division). Such funds are received and disbursed or released pursuant to judgments and orders of the court, and in accordance with the Courts of Justice Act, 1984 and other relevant statutes.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Organization:

(a) Basis of Accounting

The financial statements have been prepared by management using the modified cash basis of accounting. Under this modified cash basis, interest income on investments is recorded when received rather than as earned on the accrual basis.

(b) Foreign Currencies

Foreign currency accounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

(c) Investments

Funds are invested in income producing securities. The securities are recorded at cost, with gains and losses on the sale of investments recognized in the capital reserve account on a first-in, first-out basis.

(d) Capital Assets

Items of a capital nature are charged to operations in the year of acquisition.

ACCOUNTANT OF THE ONTARIO COURT (General Division)
(See Note 1)

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

3. SUITS AND MATTERS

These accounts, vested in the Accountant, represent the undisbursed balances of funds paid into the Ontario Court (General Division) on behalf of minors and pursuant to judgments and orders under various statutes. Transactions in these accounts during the year were:

	1992 (\$000's)	1991 (\$000's)
Balance, beginning of year	\$343,759	\$306,775
Funds paid in, including interest	206,977	144,849
Disbursements, including interest	(149,610)	(107,764)
Funds transferred to Province	(225)	(101)
Balance, end of year	<u>\$400,901</u>	<u>\$343,759</u>

4. OTHER SECURITIES

Other bonds consist of securities issued by various provincial agencies, Canadian municipalities and chartered banks.

5. SHORT-TERM INVESTMENTS

Short-term investments include bonds, bank instruments and deposits maturing within one year.

6. MORTGAGES AND SECURITIES IN TRUST

The Accountant also acts as custodian of mortgages in the amount of \$1,881,885 (1991 - \$1,899,425) and miscellaneous securities and documents having a recorded value of \$2,053,545 (1991 - \$1,336,316). These amounts are not reflected in the financial statements.

7. PENSION PLAN

The Accountant of the Ontario Court (General Division) provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Accountant's share of contributions to the Fund during the year was \$20,600 (1991 - \$18,200) and is included in employee benefits in the Statement of Income and Capital Reserve Account. This amount includes current contributions and additional payments required to cover the Agency's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over the next 38 years.

ACCOUNTANT OF THE ONTARIO COURT (General Division)
(See Note 1)

SCHEDULE 1

SCHEDULE OF INVESTMENTS
MARCH 31, 1992

	<u>Par Value</u> ('\$000's)	<u>Cost</u> ('\$000's)	<u>Market</u> <u>Value</u> ('\$000's)
LONG-TERM INVESTMENTS			
Bonds			
Government of Canada	\$ 6,000	\$ 5,961	\$ 6,225
Province of Ontario	1,300	1,163	988
Ontario Hydro	37,018	36,012	36,087
Province of:			
British Columbia	4,000	4,025	4,213
Manitoba	1,000	1,000	1,060
Nova Scotia	1,000	989	1,048
Saskatchewan	150	150	152
	50,468	49,300	49,773
Less: Bonds maturing within one year	<u>6,150</u>	<u>6,103</u>	<u>6,258</u>
	44,318	43,197	43,515
Other securities, maturing after one year (Note 4)	<u>26,903</u>	<u>24,968</u>	<u>25,790</u>
	<u>71,221</u>	<u>68,165</u>	<u>69,305</u>
SHORT-TERM INVESTMENTS (note 5)			
Total securities	407,434	385,667	394,228
Less: Maturing after one year	<u>26,903</u>	<u>24,968</u>	<u>25,790</u>
	380,531	360,699	368,438
Current maturities of bonds	<u>6,150</u>	<u>6,103</u>	<u>6,258</u>
	<u>386,681</u>	<u>366,802</u>	<u>374,696</u>
TOTAL INVESTMENTS	<u><u>\$457,902</u></u>	<u><u>\$434,967</u></u>	<u><u>\$444,001</u></u>

See accompanying notes to financial statements.

Auditor's Report

To the Members,
Algonquin Forestry Authority,
and to the
Minister of Natural Resources

I have audited the balance sheet of the Algonquin Forestry Authority as at March 31, 1992 and the statements of operations and retained income and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



J. F. Otterman, F.C.A.
Assistant Provincial Auditor
Toronto, Ontario
June 3, 1992

Algonquin Forestry Authority
BALANCE SHEET
AS AT MARCH 31, 1992

Assets**Current**

	<u>1992</u>	<u>1991</u>
Cash	\$ 592,557	\$ 478,124
Receivables	1,313,302	780,778
Inventories	106,247	125,584
Prepaids	<u>7,020</u>	<u>4,406</u>
	2,019,126	1,388,892

Property and Equipment (Note 3)

	<u>863,711</u>	<u>1,505,553</u>
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	\$ <u>2,882,837</u>	\$ <u>2,894,445</u>
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Liabilities**Current**

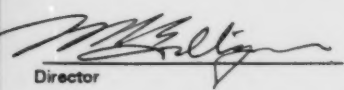
Payables and accruals	\$ 372,835	\$ 440,756
Contractors' performance holdbacks	76,367	51,103
Loan, Province of Ontario	<u>100,000</u>	<u>500,000</u>
	551,202	997,859

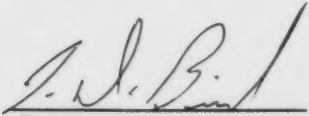
Retained income

	<u>2,431,635</u>	<u>1,896,586</u>
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	\$ <u>2,882,837</u>	\$ <u>2,894,445</u>
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On behalf of the Board:


 Director


 Director

Algonquin Forestry Authority
STATEMENT OF OPERATIONS AND RETAINED INCOME
FOR THE YEAR ENDED MARCH 31, 1992

	<u>1992</u>	<u>1991</u>
Revenue		
Product sales	\$ 7,067,789	\$ 6,780,234
Standing timber sales	408,963	464,917
Other	<u>188,567</u>	<u>219,329</u>
	<u>7,676,319</u>	<u>7,444,480</u>
Expenditure		
Logging and distribution costs	5,389,327	5,697,284
Crown timber stumpage charges	694,634	704,772
Road maintenance	24,825	37,366
Area charges	13,384	15,002
Operations planning	<u>1,856</u>	<u>1,467</u>
	<u>6,124,026</u>	<u>6,455,891</u>
Operating income	<u>1,552,293</u>	<u>988,589</u>
Administrative and other		
Salaries and benefits	694,379	746,588
Depreciation and amortization	209,508	227,247
Office expenses	64,624	75,551
Interest	29,112	108,094
Office rent	26,910	23,875
Directors' allowances and expenses	20,219	29,119
Staff travel and training	13,603	9,217
Insurance	11,549	15,052
Public relations	6,474	7,160
Miscellaneous	<u>2,373</u>	<u>4,514</u>
	<u>1,078,951</u>	<u>1,246,417</u>
Net income (loss)	473,342	(257,828)
Operating retained income, beginning of year	<u>1,478,917</u>	<u>1,737,745</u>
Balance, end of year	1,953,259	1,479,917
Forest Management Undertaking		
Retained income, end of year (Schedule, Note 2)	<u>478,376</u>	<u>416,669</u>
Retained income, end of year	\$ <u>2,431,635</u>	\$ <u>1,896,586</u>

Algonquin Forestry Authority
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992

	<u>1992</u>	<u>1991</u>
Cash derived from (applied to)		
Operating		
Net income (loss)		
Algonquin Forestry Authority	\$ 473,342	\$ (257,828)
Forest Management Undertaking	61,707	(224,001)
Add (deduct)		
Depreciation and amortization	252,520	286,391
Gain on sale of property and equipment	(150)	(16,506)
	<u>787,419</u>	<u>(211,944)</u>
Change in non-cash operating working capital	(992,459)	1,235,771
	<u>(175,039)</u>	<u>1,023,827</u>
Investing		
Purchase of property and equipment	(51,678)	(660,307)
Proceeds on sale of property and equipment	<u>341,150</u>	<u>20,920</u>
	<u>289,472</u>	<u>(639,381)</u>
Net increase in cash	114,433	384,446
Cash		
Beginning of year	<u>478,124</u>	<u>93,678</u>
End of year	\$ <u>592,557</u>	\$ <u>478,124</u>

**Algonquin Forestry Authority
FOREST MANAGEMENT UNDERTAKING
SCHEDULE OF OPERATIONS AND RETAINED INCOME
FOR THE YEAR ENDED MARCH 31, 1992**

	<u>1992</u>	<u>1991</u>
Revenue (Note 2)		
Forest management	\$ 638,770	\$ 644,295
Stand and silvicultural improvements	324,852	455,803
Operating reimbursements	150,000	150,000
Other	<u>84,517</u>	<u>48,781</u>
	<u>1,198,139</u>	<u>1,298,859</u>
Expenditure		
Wages and benefits	181,132	305,574
Equipment rentals	178,217	219,221
Stand improvements	153,185	286,177
Subcontractors - tree marking and other	93,355	103,108
Vehicle costs	35,835	35,592
Salt and calcium	29,080	33,617
Paint	17,369	29,741
Materials	16,487	80,532
Board and provisions	<u>3,509</u>	<u>13,960</u>
	<u>718,169</u>	<u>1,087,522</u>
Operating income	<u>479,970</u>	<u>211,137</u>
Administrative and other		
Salaries and benefits	332,023	329,562
Depreciation	43,012	59,144
Staff training	13,076	14,892
Office rent	11,501	9,395
Insurance	9,416	12,348
Office expenses	3,694	567
Staff travel and relocation	3,333	3,414
Public relations	<u>2,309</u>	<u>5,818</u>
	<u>418,263</u>	<u>435,138</u>
Net income (loss)	61,707	(224,001)
Retained income, beginning of year	<u>416,689</u>	<u>640,670</u>
Retained income, end of year	\$ <u>478,376</u>	\$ <u>416,669</u>

Algonquin Forestry Authority
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1992

1. Significant accounting policies

The financial statements have been prepared by management in accordance with generally accepted accounting principles, with the significant ones summarized below.

Inventories

Inventories are valued on the first in, first out basis at the lower of cost or net realizable value.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis, using rates of 10% per annum for furniture, fixtures, technical equipment, bridges and leasehold improvements, 20% per annum for data processing equipment and 33 1/3% per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of 10 years. Forest Management Undertaking (FMU) assets are depreciated and amortized at the same rates as the assets mentioned above.

2. Forest Management Undertaking

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Revenue for these activities is derived primarily from the retention of approximately 90% of the stumpage charges normally remitted to the Ministry (identified as forest management revenue) and from funds provided by the Ministry for stand and silvicultural improvements and operating reimbursements. These obligations are covered by an agreement with the Ministry which expires March 31, 2000.

Algonquin Forestry Authority
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1992

3. Property and Equipment

			<u>1992</u>	<u>1991</u>
	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ --	\$ --	\$ --	\$ 341,000
Furniture and fixtures	74,161	42,890	31,271	33,901
Data processing equipment	98,212	67,070	31,142	15,463
Technical equipment	168,678	65,874	102,804	119,135
Automotive equipment	138,900	123,574	15,326	35,913
Bridges	14,137	14,137	--	--
Capital roads	1,896,657	1,289,452	607,205	755,670
Leasehold improvements	26,617	10,500	16,117	18,780
FMU assets	<u>345,572</u>	<u>185,726</u>	<u>159,846</u>	<u>185,691</u>
	<u>\$ 2,762,934</u>	<u>\$ 1,799,223</u>	<u>\$ 963,711</u>	<u>\$ 1,505,553</u>

4. Pension plan

The Authority provides pension benefits for permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Authority's share of contributions to the Fund during the year was \$96,424 (1991 - \$96,141) most of which is included in salaries and benefits in the Statement of Operations and Retained Income. This amount includes current contributions and additional payments required to cover the Authority's share of the Fund's unfunded liabilities on January 1, 1990. These additional payments will continue over 40 years commencing January 1, 1990.

5. Remuneration of appointees

Total remuneration of the Board members of the Authority was \$8,784 during the 1992 fiscal year (1991 - \$11,630).

Auditor's Report

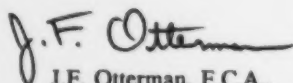
To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
Innovation Ontario Corporation,
and to the Minister of Industry, Trade and Technology.

I have audited the combined balance sheet of The Development Corporations consisting of Ontario Development Corporation, Northern Ontario Development Corporation, Eastern Ontario Development Corporation and Innovation Ontario Corporation as at March 31, 1992 and the combined statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These combined financial statements are the responsibility of The Development Corporations' management. My responsibility is to express an opinion on these combined financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation.

In my opinion, these combined financial statements present fairly, in all material respects, the financial position of The Development Corporations as at March 31, 1992 and the results of their operations and the changes in their financial position for the year then ended in accordance with the accounting policies described in note 2 to the combined financial statements.

Toronto, Ontario,
June 19, 1992.



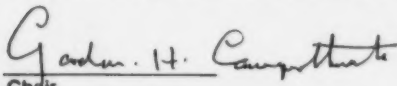
J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

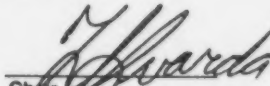
THE DEVELOPMENT CORPORATIONS

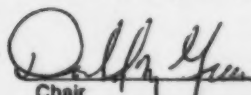
Combined Balance Sheet
as at March 31, 1992

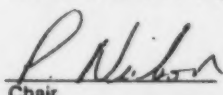
		1992 \$	1991 \$
		[thousands]	
ASSETS			
Loans receivable	[notes 3 and 4]	217,527	223,671
Equity and royalty investments	[note 5]	24,023	19,642
		241,550	243,313
Cash and short-term deposits		37,183	30,390
Accounts receivable		1,011	637
Investment in non-consolidated subsidiaries	[note 6]	8,588	10,614
Fixed assets		9,529	3,513
-industrial parks	[note 7]		
-research building	[note 7]	12,000	0
-other		62	312
Total assets		309,923	288,779
LIABILITIES			
Dividend payable		0	2,600
Accounts payable		949	507
-other			
-Northern Ontario Heritage Fund		595	0
		1,544	3,107
Commitments and contingencies	[notes 8 and 13]		
INVESTMENT BY THE PROVINCE OF ONTARIO			
Share capital of Ontario Development Corporation		7,000	7,000
Contributed capital, net of distributions		390,104	324,164
Advances	[note 9]	184,201	175,564
Accumulated net cost of operations		(252,665)	(206,320)
Due from Province		(20,261)	(14,736)
		308,379	285,672
Total liabilities and investment by the Province		309,923	288,779

See accompanying notes to combined financial statements


Chair
Ontario Development Corporation


Chair
Eastern Ontario Development Corporation


Chair
Innovation Ontario Corporation


Chair
Northern Ontario Development Corporation

THE DEVELOPMENT CORPORATIONS

Combined Statement of Operations
for the year ended March 31, 1992

		1992 \$	1991 \$
		[thousands]	
REVENUE			
Interest on loans	[note 4]	19,528	12,258
Interest on short-term deposits		3,121	3,043
Net income from industrial parks	[note 7]	2,167	2,590
Gain on sale of investments and land		1,892	616
Other income		508	130
		27,216	18,637
EXPENSES			
Credit and investment losses (net of recoveries)	[note 10]		
Loans		17,218	21,761
Investments		5,425	3,321
Guarantees			
New Ventures program		18,587	17,011
Other		11,401	9,637
Interest subsidy payments		2,265	3,094
Technology royalty investments		1,882	585
Administration	[note 11]	15,757	15,173
		72,535	70,582
Net cost of operations before the following		45,319	51,945
Loss from non-consolidated subsidiaries	[note 6]	1,026	4,702
Net cost of operations	[note 3]	46,345	56,647

See accompanying notes to combined financial statements

THE DEVELOPMENT CORPORATIONS

Combined Statement of Investment by the Province of Ontario
for the year ended March 31, 1992

	Ontario Development Corporation share capital	Contributed capital	Advances	Accumulated net cost of operations	Due from Province
	\$	\$	\$	\$	\$
			[thousands]		
Balance, March 31, 1991	7,000	324,164	175,564	(206,320)	(14,736)
Interest on advances		(12,353)			
Contributions to fund Investments of					
Innovation Ontario		12,198			
Technology royalty investments		1,882			
Other investments (disposal)		(1,992)			
Guarantee and other program costs		32,972			
Administration		15,757			
Forgiveness of advances		18,476	(18,476)		
New advances, net of repayments			27,113		
Net cost of operations for the year				(46,345)	
Dividends paid or payable		(1,000)			
Net change in due from Province					(5,525)
Balance, March 31, 1992	7,000	390,104	184,201	(252,665)	(20,261)

See accompanying notes to combined financial statements

THE DEVELOPMENT CORPORATIONS

Combined Statement of Cash Flows
for the year ended March 31, 1992

	1992 \$	1991 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan disbursements	(111,169)	(104,835)
Loan collections	98,859	83,376
Interest collected from borrowers	19,495	16,043
Disbursements for equity investments	(8,805)	(4,821)
Proceeds on sale of investments	891	571
Disbursements for guarantees honoured and guarantee interest subsidies	(34,689)	(32,362)
Technology royalty investments	(1,882)	(585)
Net cash outflow for lending, investing and financial assistance activities	(37,300)	(42,613)
FINANCING ACTIVITIES		
Interest paid on Provincial advances	(12,353)	(12,964)
Advances from the Province	92,910	36,497
Repayments to the Province	(63,646)	(22,044)
Cash contributions from the Province for:		
Equity and technology royalty investments	12,088	5,815
Lending activities	45,059	37,127
Administration	15,757	15,173
Net receipts from (payments to) the Province for:		
Other agency loans under administration	545	2,447
Recoveries from borrowers of loan writeoffs and guarantees honoured	(2,082)	1,176
Dividends paid	(1,000)	(2,200)
Other	(13,404)	(10,167)
Net cash inflow from financing activities	73,874	50,860
OPERATING ACTIVITIES		
Operating cash flow from industrial parks	3,236	4,065
Interest received on short-term deposits	3,168	2,992
Administration costs	(15,757)	(15,173)
Fixed asset additions	(7,478)	(1,355)
Research facility addition	(12,000)	0
Other	(950)	349
Net cash outflow for operating activities	(29,781)	(9,122)
Decrease in cash and short-term deposits	6,793	(875)
Cash and short-term deposits, beginning of year	30,390	31,265
Cash and short-term deposits, end of year	37,183	30,390

See accompanying notes to combined financial statements

THE DEVELOPMENT CORPORATIONS

Schedule 1
Activities Administered by the Development Corporations

As At March 31, 1992	Loans and Debentures		Loans		Equity Investments /Royalty Interests		Repayable Grants/ Conditional Loans		Total March 31, 1992	Total March 31, 1991
	Number	(\$000's)	Number	(\$000's)	Number	(\$000's)	Number	(\$000's)	(\$000's)	(\$000's)
Business Sector/Program										
Manufacturing	1,079	123,362	85	45,776	1	16,900	476	152,225	338,263	295,789
High Technology	65	51,488			208	28,692			80,180	96,672
Export	167	25,332							25,332	24,156
Tourism	653	62,190	230	61,714			1	423	124,327	138,483
Special Agency Programs:										
MITT	15	111,061							111,061	132,600
New Ventures			13,831	210,982					210,982	179,401
Credit Unions (deposit insurance)			1	50,250					50,250	53,750
Other	87	2,663					2	10,396	13,059	14,649
Total Outstanding										
at March 31, 1992	2,066	376,096	14,147	368,722	209	45,592	479	163,044	953,454	935,500
Corporation										
Ontario Development Corporation										
(excl. Special Agency Programs)	930	106,859	167	51,599	5	21,860	34	115,837	296,155	303,676
Northern Ontario										
Development Corporation	598	63,642	71	33,641			440	46,940	144,223	132,045
Eastern Ontario										
Development Corporation	486	46,388	77	22,250			5	267	68,905	69,263
Innovation Ontario Corporation	3	638			204	23,732			24,370	16,620
Ontario Development Corporation										
(Special Agency Programs)	49	158,569	13,832	261,232					419,601	413,896
Total Outstanding										
at March 31, 1992	2,066	376,096	14,147	368,722	209	45,592	479	163,044	953,454	
Total Outstanding										
at March 31, 1991	2,260	403,992	13,181	344,813	146	45,126	516	141,569		935,500
Commitments at March 31, 1992	667	144,633	631	212,898	11	1,615			359,146	256,817

The Development Corporations**NOTES TO COMBINED FINANCIAL STATEMENTS**

March 31, 1992

1. GENERAL

These financial statements combine the accounts of Ontario Development Corporation ("ODC"), Northern Ontario Development Corporation ("NODC"), Eastern Ontario Development Corporation ("EODC") and Innovation Ontario Corporation ("IOC"). The Corporations are incorporated under the Development Corporations Act and, except for ODC, are corporations without share capital. As Ontario Crown Corporations, the Corporations are exempt from income taxes under Section 149 (1)(d) of the Canadian Income Tax Act.

The Corporations' objectives are to encourage and assist in the development and diversification of industry in Ontario. The Corporations provide financial assistance by making loans, guaranteeing loans, acquiring equity securities and operating industrial park facilities. They also administer certain activities on behalf of other Provincial ministries and agencies [see Note 12].

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in The Development Corporations is detailed in the Combined Statement of Investment by the Province of Ontario. In addition to the share capital, the Province contributes funds to finance the lending, investing and financial assistance activities and reimburses the Corporations for administrative operating costs. Credit and investment losses are recorded as a reduction in advances from the Province and an increase in contributed capital.

The Province's gross investment is reduced by advances repaid or forgiven, interest on funds advanced, dividends and recoveries of loan and guarantee losses.

(b) Loans receivable

Loans receivable are reported at the amount disbursed plus accrued interest, less principal repayments and amounts written off. No provision is made for the principal portion of doubtful loans in advance of a loan being partially or fully written off. A full provision is made for accrued interest on loans which are greater than 150 days in arrears.

The Development Corporations**NOTES TO COMBINED FINANCIAL STATEMENTS**

March 31, 1992

(b) Loans receivable (cont'd.)

Loans receivable include both loans made directly by the Corporations and loans administered for other Provincial ministries and agencies if one of the Corporations is a signatory to the loan agreement.

A loan is considered for write-off at the time any of the following circumstances exist:

- i) either principal or interest payments are greater than 180 days in arrears;
- ii) the loan is a restructured loan and principal or interest payments are greater than 90 days in arrears;
- iii) the loan previously has been partially written off; or
- iv) at any other time when, in management's view, the loan has suffered an impairment in value that is considered other than temporary.

Loans which meet any of the above criteria are written off unless management believes that the Corporations will recover some or all of the outstanding loan balance, in which case the loan is written down to the estimated net realizable value.

Loan losses in the Combined Statement of Operations are net of recoveries on loans previously written off.

(c) Equity investments

Equity investments are recorded at cost less provision for losses for those investments that in management's opinion have incurred an other than temporary decline in value. The provision is determined by management based upon their best estimates from the most current information available to them. Establishing the value of an early stage investment, when there is no existing market for the shares, is very difficult. As such, if a provision for loss is made with respect to a specific investment, the provision would normally be for the full cost of the investment.

The Development Corporations**NOTES TO COMBINED FINANCIAL STATEMENTS**

March 31, 1992

(d) Technology royalty investments

In specific instances, IOC will make an investment using a royalty arrangement rather than the purchase of equity. Given the uncertain nature, both with respect to timing and magnitude of future royalties, royalty investments are expensed as incurred.

(e) Revenue recognition

Interest income is recognized on the accrual basis, except for certain loans administered by the Corporations that permit the borrower to defer interest payments. For those interest-deferred loans, interest that accrues during the deferred payment period is recognized in income when received.

(f) Guarantees

Guarantee expenses are recognized at the date the Corporations are requested to honour a guarantee. No provision for anticipated guarantee losses is recorded in advance of requests to honour a guarantee. Guarantee losses in the Combined Statement of Operations are net of recoveries on guarantees previously honoured.

(g) Fixed assets**Industrial Parks**

Fixed asset additions since the date the industrial parks and a research building were acquired by ODC have been capitalized in the accounts and are depreciated on a straight-line basis over the estimated useful lives of the assets at the following rates:

Buildings and improvements	5% to 20%
Equipment	20%

The Development Corporations**NOTES TO COMBINED FINANCIAL STATEMENTS**

March 31, 1992

(g) Fixed assets (cont'd.)

Other

Fixed assets for the Corporations' own use other than industrial park assets and the research building are expensed on acquisition and are included in administration expenses.

(h) Non-consolidated subsidiaries

The investment in three wholly-owned subsidiaries of ODC are accounted for by the equity method because of ODC's formal plan to dispose of the assets of the subsidiaries. [see Note 6].

(i) Administration expenses

Administration expenses are recorded on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

3. CHANGE IN ACCOUNTING POLICY

The Corporation provides for all accrued interest on loans which are greater than 150 days in arrears. In prior years, no such provisions were made. This change in accounting policy has been applied retroactively and, as a result, 1991 Net Cost of Operations increased by \$3,027,000, 1991 Loans Receivable decreased by \$3,027,000 and 1992 Net Cost of Operations is \$1,350,000 lower than it would have otherwise been.

4. LOANS RECEIVABLE

Loans receivable include \$46.4 million [1991 - \$61.7 million] of loans administered on behalf of other Provincial agencies and ministries.

As at March 31, 1992, 8.2% of total loans receivable are floating-rate loans, with the balance of interest earning loans bearing fixed rates ranging from 6% to 16.5%. The weighted average interest rate on all interest-bearing loans was 10.4% at March 31, 1992 [1991 - 11.0%].

The Development Corporations

NOTES TO COMBINED FINANCIAL STATEMENTS

March 31, 1992

4. LOANS RECEIVABLE (cont'd)

Loans on which payments were past due by more than 90 days and 180 days amounted to \$34.3 million and \$19.0 million respectively [1991 - \$38.8 million and \$14.7 million respectively].

5. EQUITY AND ROYALTY INVESTMENTS

	Number of investees	1992 \$	1991 \$
		[thousands]	
Common shares	107	17,764	19,042
Preferred shares	28	6,259	600
Royalty interests	75	-	-
	210	24,023	19,642

The accumulated total disbursements related to technology royalty investments as at March 31, 1992 was \$5,467,000 [1991 - \$3,585,000].

6. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARIES

IDEA Innovation Fund Inc., IDEA Research Investment Fund Inc. and IDEA Information Technology Fund Inc., which are wholly-owned by ODC, are accounted for by the equity method (Note 2(h)). Summarized combined information about the financial position and results of operations of these subsidiaries is provided below:

The Development Corporations

NOTES TO COMBINED FINANCIAL STATEMENTS

March 31, 1992

6. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARIES (cont'd)

Financial position as at March 31:

	1992 \$	1991 \$
	[thousands]	
Cash	3,900	3,466
Investments	4,674	7,130
Other assets	14	18
	<u>8,588</u>	<u>10,614</u>
Represented by:		
Advances from ODC	28,940	29,940
Capital stock	13,000	13,000
Deficit	(33,352)	(32,326)
	<u>8,588</u>	<u>10,614</u>

The advances from ODC are non-interest bearing with no fixed repayment terms.

Results of Operations for the year ended March 31:

	1992 \$	1991 \$
	[thousands]	
Gain on sale of investments	229	25
Interest and other income	32	18
	<u>261</u>	<u>43</u>
Loss on investments	1,243	4,625
Other expenses	44	120
	<u>1,287</u>	<u>4,745</u>
Net loss for the year	<u>1,026</u>	<u>4,702</u>

The Development Corporations

NOTES TO COMBINED FINANCIAL STATEMENTS

March 31, 1992

7. FIXED ASSETS

a) Industrial Park Operations

ODC owns and operates Huron Industrial Park, located near London, Ontario and Northam Industrial Park in Cobourg, Ontario.

The combined results of operations of the parks for the year ended March 31 are as follows:

	1992	1991
	\$	\$
	[thousands]	
Rental revenue	4,668	4,504
Interest income and other	1,358	1,929
Depreciation	(1,462)	(1,567)
Other operating expenses	(2,397)	(2,276)
Net income	2,167	2,590

The combined fixed assets of the industrial parks as at March 31 are as follows:

	Cost	Accumulated Depreciation	1992 Net	1991 Net
	\$	\$	\$	\$
	[thousands]			
Land	340	0	340	341
Buildings and improvements	24,952	15,889	9,063	3,021
Equipment	1,413	1,287	126	151
	26,705	17,176	9,529	3,513

The Development Corporations

NOTES TO COMBINED FINANCIAL STATEMENTS

March 31, 1992

7. FIXED ASSETS (cont'd)

b) Research building

Pursuant to the terms of an agreement between ODC and a group of borrowers, ODC obtained ownership of a research facility on March 31, 1992 as consideration for the payment of a number of promissory notes with a carrying value of \$12,000,000 held by ODC. It is ODC's intention to retain ownership of the building for the foreseeable future and lease out the premises. As a result, the net rental income from the building will be recorded in the Statement of Operations and depreciation will be charged on a straight-line basis at a rate of 5% per year commencing in fiscal 1993.

8. GUARANTEES

The Corporations guarantee the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. ODC also guarantees certain obligations of the Ontario Share and Deposit Insurance Corporation ("OSDIC"). Normally, no guarantee fees are charged to the borrowers or to the Province. Under certain of the guarantee programs, The Corporations guarantee only a portion of loans outstanding. Furthermore, if certain of the guarantees are required to be honoured, the funding to meet such obligations will be received from other ministries or agencies. At March 31, 1992, the Corporations' contingent liability and commitments under guarantees are as follows:

	Contingent liability under guarantees for loans advanced	Commitments to guarantee loans not yet advanced	Total contingent liability and commitments 1992	Total contingent liability and commitments 1991
	\$	\$	\$	\$
[thousands]				
New Ventures Programs	73,102	2,978	76,080	69,805
OSDIC	50,250	44,750	95,000	95,000
James River	0	0	0	70,000
Algoma Steel	0	110,000	110,000	0
Other Guarantees	101,290	51,363	152,653	205,435
	<u>224,642</u>	<u>209,091</u>	<u>433,733</u>	<u>440,240</u>

The Development Corporations

NOTES TO COMBINED FINANCIAL STATEMENTS

March 31, 1992

8. GUARANTEES (cont'd)

Subsequent to March 31, 1992 ODC honoured approximately \$1,800,000 of guarantees for which demands for payment had been received prior to year-end. Consistent with the accounting policy described in note 2 (f), this amount will be recognized as an expense in the next fiscal year.

9. ADVANCES

Advances from the Province are used to fund loans. The advances have no fixed maturity dates and are forgiven by the Province if the related loan receivable proves uncollectible.

Certain of the advances related to specific programs are interest free. At March 31, 1992, \$112.4 million [1991 - \$103.5 million] of advances were interest bearing, with the balance of \$71.8 million [1991 - \$72.1 million] being interest free.

10. CREDIT AND INVESTMENT LOSSES

Credit and investment losses shown in the Combined Statement of Operations are net of recoveries as follows:

	Loans \$	Investments \$	New ventures guarantees \$	Other guarantees \$
	[thousands]			
Write-downs/ guarantees honoured	20,761	5,425	20,075	12,349
Less recoveries	(3,543)	0	(1,488)	(948)
Net expense 1992	17,218	5,425	18,587	11,401
Net expense 1991	21,761	3,321	17,011	9,637

The Development Corporations**NOTES TO COMBINED FINANCIAL STATEMENTS**

March 31, 1992

11. ADMINISTRATION

Administration expenses for the year ended March 31 are as follows:

	1992	1991
	\$	\$
	[thousands]	
Salaries and benefits	11,163	9,699
Transportation and communication	1,290	1,293
Services	2,707	3,121
Supplies and equipment	597	1,060
	15,757	15,173

The Corporations provide pension benefits for all their permanent staff through participation in the Public Service Pension Fund, established by the Province of Ontario. The Corporations' share of contributions to the Fund during the year was \$968,500 [1991 - \$808,800] and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporations' share of the Fund's unfunded liabilities on January 1, 1990. These additional payments commenced in 1990 and will continue over forty years.

The Corporations had thirty-five members on their Boards on March 31, 1992. The remuneration of the directors for 1992 totalled \$205,572 [1991 - \$237,738].

12. ACTIVITIES ADMINISTERED BY THE DEVELOPMENT CORPORATIONS

The Corporations are responsible for a wide variety of activities, including activities managed on behalf of other ministries and agencies of the Province of Ontario. The Schedule of Activities Administered by the Corporations, Schedule 1, summarizes the activities administered at March 31, 1992, other than industrial park operations (Note 5 provides information about the industrial parks).

The Schedule of Activities Administered includes loans, debentures and equity investments that are included in the Combined Balance Sheet. The schedule also includes loans guaranteed by the Corporations, as well as certain loans, equity investments and repayable grants administered for other ministries and agencies. These additional activities are not included in the Combined Balance Sheet.

The Development Corporations

NOTES TO COMBINED FINANCIAL STATEMENTS

March 31, 1992

The total activity amounts included in the schedule differ from amounts reported in the Combined Balance Sheet as follows:

	1992 \$	1991 \$
	[thousands]	
Loans and investments per combined balance sheet:		
Loans receivable	217,527	223,671
Equity investments	24,023	19,642
Investment in non-consolidated subsidiaries	8,588	10,614
Total loans and investments per combined balance sheet	250,138	253,927
Other activities administered:		
Loans of other ministries and agencies	158,569	180,745
Loans guaranteed	368,722	344,813
Repayable grants/conditional loans	163,044	141,569
Investment in Varsity Corporation	16,900	16,900
Assets of non-consolidated subsidiaries other than investments and loans	(3,919)	(2,454)
Total other activities administered	703,316	681,573
Total activities per Schedule of Activities Administered	953,454	935,500

Under certain guarantee programs, The Development Corporations guarantee only a portion of outstanding loans. Guaranteed loans disclosed above and in the Schedule of Activities Administered represent the total value of loans for which guarantees have been committed, which exceed The Development Corporations' contingent liability under guarantees [see Note 8].

The Development Corporations

NOTES TO COMBINED FINANCIAL STATEMENTS

March 31, 1992

The Combined Statement of Operations includes revenue and expenses related to activities administered on behalf of other Provincial ministries and agencies. The schedule which follows separates the revenue and expenses related to the Corporations' own activities and those administered on behalf of others.

	Corporations' own activities \$	Administered activities \$	Total \$
	[thousands]		
Revenue			
Interest on loans	15,590	3,938	19,528
Interest on short-term deposits	2,614	507	3,121
Net income for industrial parks	2,167	0	2,167
Gain on sale of investments and land	1,892	0	1,892
Other income	508	0	508
	<u>22,771</u>	<u>4,445</u>	<u>27,216</u>
Expenses			
Credit & investment losses			
loans	17,295	(77)	17,218
investments	5,425	0	5,425
guarantees			
New Ventures program	0	18,587	18,587
other	6,016	5,385	11,401
interest subsidy payments	230	2,035	2,265
Technology royalty investment	1,882	0	1,882
	<u>30,848</u>	<u>25,930</u>	<u>56,778</u>
Administration			<u>15,757</u>
			<u>72,535</u>
Loss from non-consolidated subsidiaries			<u>1,026</u>
Net cost of operations			<u>46,345</u>

In addition to the expenses included above, the Corporations paid to the Province interest on advances for direct activities amounting to \$12,353,000.

The Development Corporations**NOTES TO COMBINED FINANCIAL STATEMENTS**

March 31, 1992

13. COMMITMENTS AND CONTINGENCIES

- (a) See Note 8 for information on guarantees.
- (b) Commitments at March 31, 1992 to make loans and investments and to provide guarantees are disclosed at the foot of the Schedule of Activities Administered.

Auditor's Report

To the Ontario Development Corporation
and to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of the Ontario Development Corporation as at March 31, 1992 and the statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These financial statements are the responsibility of the Ontario Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ontario Development Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
June 19, 1992.

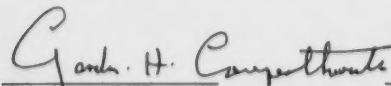

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

ONTARIO DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 1992

		1992	1991
		\$	\$
		[thousands]	
ASSETS			
Loans receivable	[notes 3 and 4]	106,857	112,450
Equity investments	[note 5]	291	3,660
		107,148	116,110
Cash and short-term deposits		18,046	19,267
Accounts receivable	- Northern Ontario Development Corporation	4,620	4,651
	- Eastern Ontario Development Corporation	0	103
	- Other	896	516
Investment in non-consolidated subsidiaries	[note 6]	8,588	10,614
Fixed assets	- industrial parks [note 7]	9,529	3,513
	- research building [note 7]	12,000	0
	- other	62	62
Total assets		160,889	154,836
LIABILITIES			
Dividend payable		0	2,600
Accounts payable	- other	924	464
	- Eastern Ontario Development Corporation	351	0
Total liabilities		1,275	3,064
Commitments and contingencies		[note 13]	
INVESTMENT BY THE PROVINCE OF ONTARIO			
Share capital of Ontario Development Corporation		7,000	7,000
Contributed capital, net of distributions		292,028	251,456
Advances	[note 9]	76,360	74,024
Accumulated net cost of operations		(205,699)	(174,262)
Due from Province		(10,075)	(6,446)
		159,614	151,772
Total liabilities and investment by the Province		160,889	154,836

See accompanying notes to financial statements


 Chair


 Director

ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1992

		1992 \$	1991 \$
		[thousands]	
REVENUE			
Interest on loans	[notes 3 and 4]	12,994	8,260
Interest on short-term deposits		1,711	1,302
Net income from industrial parks	[note 7]	2,167	2,590
Gain on sale of investments and land		2,115	506
Other income		0	100
		18,987	12,758
EXPENSES			
Credit and investment losses (net of recoveries)	[note 10]		
Loans		8,731	17,103
Investments		1,700	0
Guarantees			
New Ventures program		18,587	17,011
Other		8,673	8,995
Interest subsidy payments		981	1,303
Administration	[note 12]	10,726	10,840
		49,398	55,252
Net cost of operations before the following		30,411	42,494
Loss from non-consolidated subsidiaries	[note 6]	1,026	4,702
Net cost of operations	[notes 3 and 11]	31,437	47,196

See accompanying notes to financial statements

ONTARIO DEVELOPMENT CORPORATION

Statement of Investment by the Province of Ontario
for the year ended March 31, 1992

	Share capital \$	Contributed capital \$	Advances \$	Accumulated net cost of operations \$	Due from Province \$
			[thousands]		
Balance, March 31, 1991	7,000	251,456	74,024	(174,262)	(6,446)
Interest on advances		(3,845)			
Contributions to fund:					
Investment (disposal)		(1,992)			
Guarantee and other program costs		27,162			
Administration		10,726			
Forgiveness of advances		9,521	(9,521)		
New advances, net of repayments			11,857		
Net cost of operations for the year				(31,437)	
Dividends paid or payable		(1,000)			
Net change in due from Province					(3,629)
Balance, March 31, 1992	7,000	292,028	76,360	(205,699)	(10,075)

See accompanying notes to financial statements

ONTARIO DEVELOPMENT CORPORATION

Statement of Cash Flows
for the year ended March 31, 1992

	1992 \$	1991 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan disbursements	(82,175)	(80,241)
Loan collections	78,338	65,436
Interest collected from borrowers	12,903	10,636
Receipts for equity investments	3,393	3,117
Disbursements for guarantees honoured and guarantee interest subsidies	(30,677)	(29,763)
Net cash outflow for lending, investing and financial assistance activities	(18,218)	(30,815)
FINANCING ACTIVITIES		
Interest paid on Provincial advances	(3,845)	(4,351)
Advances from the Province	43,409	20,718
Repayments to the Province	(31,552)	(6,844)
Cash contributions from the Province for:		
Equity investments	(1,992)	(2,708)
Lending activities	39,691	31,377
Administration	10,726	10,840
Net receipts from (payments to) the Province for:		
Other agency loans under administration	0	(222)
Recoveries from borrowers of loan writeoffs and guarantees honoured	(1,762)	1,339
Dividends paid	(1,000)	(2,200)
Other	(10,170)	(8,425)
Net cash inflow from financing activities	43,505	39,524
OPERATING ACTIVITIES		
Operating cash flow from industrial parks	3,236	4,065
Interest received on short-term deposits	1,761	1,237
Administration costs	(10,726)	(10,840)
Fixed asset additions	(7,478)	(1,355)
Research facility addition	(12,000)	0
Other	(1,301)	1,113
Net cash outflow for operating activities	(26,508)	(5,780)
Increase (decrease) in cash and short-term deposits	(1,221)	2,929
Cash and short-term deposits, beginning of year	19,267	16,338
Cash and short-term deposits, end of year	18,046	19,267

See accompanying notes to financial statements

Ontario Development Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

1. GENERAL

The Ontario Development Corporation was incorporated under the Development Corporations Act. As an Ontario Crown Corporation, the Corporation is exempt from income taxes under Section 149 (1)(d) of the Canadian Income Tax Act.

The Corporation's objective is to encourage and assist in the development and diversification of industry in Ontario. The Corporation provides financial assistance by making loans, guaranteeing loans, acquiring equity securities and operating industrial park facilities. It also administers certain activities on behalf of other Provincial ministries and agencies.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in the Corporation is detailed in the Statement of Investment by the Province of Ontario. In addition to the share capital, the Province contributes funds to finance the lending, investing and financial assistance activities and reimburses the Corporation for administrative operating costs. Credit and investment losses are recorded as a reduction in advances from the Province and an increase in contributed capital.

The Province's gross investment is reduced by advances repaid or forgiven, interest on funds advanced, dividends and recoveries of loan and guarantee losses.

(b) Loans receivable

Loans receivable are reported at the amount disbursed plus accrued interest, less principal repayments and amounts written off. No provision is made for the principal portion of doubtful loans in advance of a loan being partially or fully written off. A full provision is made for accrued interest on loans which are greater than 150 days in arrears, (Note 3).

Loans receivable include both loans made directly by the Corporation and loans administered for other Provincial ministries and agencies if the Corporation is a signatory to the loan agreement.

Ontario Development Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

(b) Loans receivable (cont'd.)

A loan is considered for write-off at the time any of the following circumstances exist:

- i) either principal or interest payments are greater than 180 days in arrears;
- ii) the loan is a restructured loan and principal or interest payments are greater than 90 days in arrears;
- iii) the loan previously has been partially written off; or
- iv) at any other time when, in management's view, the loan has suffered an impairment in value that is considered other than temporary.

Loans which meet any of the above criteria are written off unless management believes that the Corporation will recover some or all of the outstanding loan balance, in which case the loan is written down to the estimated net realizable value.

Loan losses in the Statement of Operations are net of recoveries on loans previously written off.

(c) Equity investments

Equity investments are recorded at cost less provision for losses for those investments that in management's opinion have suffered a decline in value that is other than temporary. The provision is determined by management based upon their best estimates from the most current information available.

(d) Revenue Recognition

Interest income is recognized on the accrual basis, except for certain loans administered by the Corporation that permit the borrower to defer interest payments. For those interest-deferred loans, interest that accrues during the deferred payment period is recognized in income only when received.

Ontario Development Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

(e) Guarantees

Guarantee expenses are recognized at the date the Corporation honours a guarantee. No provision for anticipated guarantee losses is recorded in advance of honouring a guarantee. Guarantee losses in the Statement of Operations are net of recoveries on guarantees previously honoured.

(f) Fixed assets**Industrial Parks**

Fixed asset additions since the date the industrial parks and a research building were acquired by the Corporation have been capitalized in the accounts and are depreciated on a straight-line basis over the estimated useful lives of the assets at the following rates:

Buildings and improvements	5% to 20%
Equipment	20%

Other

Fixed assets for the Corporation's own use other than industrial park assets and the research building are expensed on acquisition and are included in administration expenses.

(g) Non-consolidated subsidiaries

The investment in three wholly-owned subsidiaries are accounted for by the equity method because of the Corporation's formal plan to dispose of the assets of those subsidiaries [see Note 6].

(h) Administration expenses

Administration expenses are reflected on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

3. CHANGE IN ACCOUNTING POLICY

The Corporation provides for all accrued interest on loans which are greater than 150 days in arrears. In prior years, no such provisions were made. This change in accounting policy has been applied retroactively and, as a result, 1991 Net Cost of Operations increased by \$1,860,000, 1991 Loans Receivable decreased by \$1,860,000 and 1992 Net Cost of Operations is \$774,000 lower than it would have otherwise been.

4. LOANS RECEIVABLE

Loans receivable include \$22.2 million [1991 - \$37.5 million] of loans administered on behalf of other Provincial agencies and ministries.

As at March 31, 1992, 16.7% of total loans receivable are floating-rate loans, with the balance of the interest earning loans bearing fixed rates ranging from 6% to 14%. The weighted average interest rate on all interest bearing loans was 10.3% at March 31, 1992 [1991 - 11.1%].

The amounts of loans on which payments were past due by more than 90 days and 180 days was \$24.8 million and \$13.9 million respectively [1991 - \$26.2 million and \$9.0 million respectively].

5. EQUITY INVESTMENTS

	1992 \$	1991 \$
	[thousands]	
ADI Diagnostics Inc.	0	3,100
Allelix Biopharmaceuticals Inc.	291	560
	291	3,660

Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

6. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARIES

IDEA Innovation Fund Inc., IDEA Research Investment Fund Inc. and IDEA Information Technology Fund Inc., which are wholly-owned by the Corporation are accounted for by the equity method [Note 2(g)]. Summarized combined information about the financial position and results of operations of these subsidiaries is provided below.

Financial Position, as at March 31

	1992	1991
	\$	\$
	[thousands]	
Cash	3,900	3,466
Investments	4,674	7,130
Other assets	14	18
	<u>8,588</u>	<u>10,614</u>
Represented by:		
Advances from the Corporation	28,940	29,940
Capital stock	13,000	13,000
Deficit	(33,352)	(32,326)
	<u>8,588</u>	<u>10,614</u>

The advances from the Corporation are non-interest bearing with no fixed repayment terms.

Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

Results of Operations for the year ended March 31:

	1992 \$	1991 \$
	[thousands]	
Gain on sale of investments	229	25
Interest and other income	32	18
	261	43
Loss on investments	1,243	4,625
Other expenses	44	120
	1,287	4,745
Net loss for the year	1,026	4,702

7. FIXED ASSETS

a) Industrial Park Operations

The Corporation owns and operates Huron Industrial Park, located near London, Ontario, and Northam Industrial Park in Cobourg, Ontario.

The combined results of operations of the parks for the year ended March 31 are as follows:

	1992 \$	1991 \$
	[thousands]	
Rental revenue	4,668	4,504
Interest income and other	1,358	1,929
Depreciation	(1,462)	(1,567)
Other operating expenses	(2,397)	(2,276)
Net income	2,167	2,590

Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

The combined fixed assets of the parks as at March 31 are as follows:

	Cost	Accumulated Depreciation	1992 Net	1991 Net
	\$	\$	\$	\$
	[thousands]			
Land	340	0	340	341
Buildings and improvements	24,952	15,889	9,063	3,021
Equipment	1,413	1,287	126	151
	26,705	17,176	9,529	3,513

b) Research Building

Pursuant to the terms of an agreement between the Corporation and a group of borrowers, the Corporation obtained ownership of a research facility on March 31, 1992 as consideration for the payment of a number of promissory notes with a carrying value of \$12,000,000 held by the Corporation. It is the Corporation's intention to retain ownership of the building for the foreseeable future and lease out the premises. As a result, the net rental income from the building will be recorded in the Statement of Operations and depreciation will be charged on a straight-line basis at a rate of 5% per year commencing in fiscal 1993.

8. GUARANTEES

The Corporation guarantees the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. The Corporation also guarantees certain obligations of the Ontario Share and Deposit Insurance Corporation ("OSDIC"). Normally, no guarantee fees are charged to the borrowers or to the Province. Under certain of the guarantee programs, the Corporation guarantees only a portion of loans outstanding. Furthermore, if certain of the guarantees are required to be honoured, the funding to meet such obligations will be received from other ministries or agencies. At March 31, 1992, the Corporation's contingent liability and commitments under guarantees are as follows:

Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

8. GUARANTEES (cont'd.)

	Contingent liability under guarantees for loans advanced	Commitments to guarantee loans not yet advanced	Total contingent liability and commitments 1992	Total contingent liability and commitments 1991
	\$	\$	\$	\$
	[thousands]			
New Ventures Programs	73,102	2,978	76,080	69,805
OSDIC	50,250	44,750	95,000	95,000
Algoma Steel	0	110,000	110,000	0
Other Guarantees	48,582	25,445	74,027	105,835
	171,934	183,173	355,107	270,640

Subsequent to March 31, 1992 the Corporation honoured approximately \$1,800,000 of guarantees for which demands for payment had been received prior to year-end. Consistent with the accounting policy described in note 2 (e), this amount will be recognized as an expense in the next fiscal year.

9. ADVANCES

Advances from the Province are used to fund loans. The advances have no fixed maturity dates and are forgiven by the Province if the related loan receivable proves uncollectible.

Certain of the advances related to specific programs are interest free. At March 31, 1992, \$35.9 million [1991 - \$30.2 million] of advances were interest bearing, with the balance of \$40.5 million [1991 - \$43.8 million] being interest free.

Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

10. CREDIT AND INVESTMENT LOSSES

Credit and investment losses shown in the Statement of Operations are net of recoveries as follows:

	Loans \$	Investments \$	New ventures guarantees \$	Other guarantees \$
	[thousands]			
Write-downs/ guarantees honoured	11,001	1,700	20,075	9,621
Less recoveries	(2,270)	0	(1,488)	(948)
Net expense 1992	8,731	1,700	18,587	8,673
Net expense 1991	17,103	0	17,011	8,995

11. ACTIVITIES ADMINISTERED

The Statement of Operations includes revenue and expenses related to activities administered on behalf of other Provincial ministries and agencies. The schedule which follows separates the revenue and expenses directly related to the Corporation's own activities and those administered on behalf of others.

	Corporation's own activities \$	Administered activities \$	Total \$
	[thousands]		
Revenue			
Interest on loans	8,957	4,037	12,994
Interest on short-term deposits	1,645	66	1,711
Net income from industrial parks	2,167	0	2,167
Gain on sale of investments and other	2,115	0	2,115
	14,884	4,103	18,987

Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

11. ACTIVITIES ADMINISTERED (cont'd)

	Corporations' own activities \$	Administered activities \$	Total \$
	[thousands]		
Expenses			
Credit and Investment Losses			
Loans	8,808	(77)	8,731
Investments	1,700	0	1,700
Guarantees			
New Ventures Program	0	18,587	18,587
Other	5,507	3,166	8,673
Interest Subsidy Payments	17	964	981
	16,032	22,640	38,672
Administration			10,726
			49,398
Loss from non-consolidated subsidiaries			1,026
Net cost of operations			31,437

In addition to the expenses included above, the Corporation paid to the Province interest on advances for direct activities amounting to \$3,845,000.

Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

12. ADMINISTRATION

Administration expenses for the year ended March 31 are as follows:

	1992	1991
	\$	\$
	[thousands]	
Salaries and benefits	7,412	6,679
Transportation and communication	755	724
Services	2,106	2,514
Supplies and equipment	453	923
	10,726	10,840

The Corporation provides pension benefits for all its permanent staff through participation in the Public Service Pension Fund, established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$671,600 [1991 - \$602,200] and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's unfunded liabilities on January 1, 1990. These additional payments commenced in 1990 and will continue over forty years.

The Corporation had eleven members on its Board of Directors on March 31, 1992. The remuneration of the directors for 1992 totalled \$86,254 [1991 - \$90,313].

13. COMMITMENTS AND CONTINGENCIES

- (a) See Note 8 for information on guarantees.
- (b) Loans committed but not disbursed as at March 31, 1992 amounted to \$41.7 million [1991 - \$53.2 million]

Auditor's Report

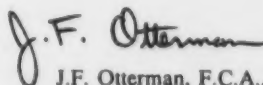
To the Eastern Ontario Development Corporation
and to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of the Eastern Ontario Development Corporation as at March 31, 1992 and the statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These financial statements are the responsibility of the Eastern Ontario Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Eastern Ontario Development Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
June 19, 1992.



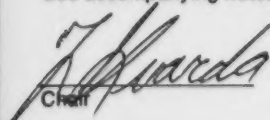
J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

EASTERN ONTARIO DEVELOPMENT CORPORATION

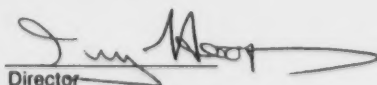
Balance Sheet
as at March 31, 1992

		1992	1991
		\$	\$
		[thousands]	
ASSETS			
Loans receivable	[notes 3 and 4]	46,390	44,195
Cash and short-term deposits		6,806	5,203
Accounts receivable	-Ontario Development Corporation	351	0
	-Other	2	34
Total assets		53,549	49,432
LIABILITIES			
Accounts payable	-Ontario Development Corporation	0	103
	-Other	5	43
		5	146
Commitments and contingencies	[note 10]		
INVESTMENT BY THE PROVINCE OF ONTARIO			
Contributed capital, net of distributions		16,900	14,578
Advances	[note 6]	42,557	39,198
Accumulated net cost of operations		(3,190)	(1,761)
Due from Province		(2,723)	(2,729)
		53,544	49,286
Total liabilities and investment by the Province		53,549	49,432

See accompanying notes to financial statements



Chair



Director

EASTERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1992

		1992	1991
		\$	\$
		[thousands]	
REVENUE			
Interest on loans	[notes 3 and 4]	2,558	1,754
Interest on short-term deposits		463	604
		3,021	2,358
EXPENSES			
Credit and investment losses (net of recoveries)	[note 7]		
Loans		1,493	2,220
Guarantees		1,213	(26)
Interest subsidy payments		640	1,043
Administration	[note 9]	1,104	1,047
		4,450	4,284
Net cost of operations	[notes 3 and 8]	1,429	1,926

See accompanying notes to financial statements

EASTERN ONTARIO DEVELOPMENT CORPORATION

Statement of Investment by the Province of Ontario
for the year ended March 31, 1992

	Contributed capital \$	Advances \$	Accumulated net cost of operations \$	Due from Province \$
	[thousands]			
Balance, March 31, 1991	14,578	39,198	(1,761)	(2,729)
Interest on advances	(3,705)			
Contributions to fund				
Guarantee and other				
program costs	3,039			
Administration	1,104			
Forgiveness of advances	1,884	(1,884)		
New advances,				
net of repayments		5,243		
Net cost of operations for				
the year			(1,429)	
Net change in due from Province				6
Balance, March 31, 1992	16,900	42,557	(3,190)	(2,723)

See accompanying notes to financial statements

EASTERN ONTARIO DEVELOPMENT CORPORATION

Statement of Cash Flows
for the year ended March 31, 1992

	1992 \$	1991 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan disbursements	(15,357)	(11,662)
Loan collections	11,177	9,046
Interest collected from borrowers	2,532	2,330
Disbursements for guarantees honoured and guarantee interest subsidies	(1,853)	(1,184)
Net cash outflow for lending, investing and financial assistance activities	(3,501)	(1,470)
FINANCING ACTIVITIES		
Interest paid on Provincial advances	(3,705)	(3,617)
Advances from the Province	11,873	7,559
Repayments to the Province	(6,693)	(4,412)
Cash contributions from the Province for:		
Lending activities	2,520	2,627
Administration	1,104	1,047
Net receipts from (payments to) the Province for:		
Other agency loans under administration	0	964
Recoveries from borrowers of loan writeoffs and guarantees honoured	(240)	(234)
Other	1,346	221
Net cash inflow from financing activities	6,205	4,155
OPERATING ACTIVITIES		
Interest received on short-term deposits	455	600
Administration costs	(1,104)	(1,047)
Other	(452)	(615)
Net cash outflow for operating activities	(1,101)	(1,062)
Increase in cash and short-term deposits	1,603	1,623
Cash and short-term deposits, beginning of year	5,203	3,580
Cash and short-term deposits, end of year	6,806	5,203

See accompanying notes to financial statements

Eastern Ontario Development Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

1. GENERAL

The Eastern Ontario Development Corporation is incorporated under the Development Corporations Act and is a corporation without share capital. As an Ontario Crown Corporation, the Corporation is exempt from income taxes under Section 149 (1)(d) of the Canadian Income Tax Act.

The Corporation's objective is to encourage and assist in the development and diversification of industry in Eastern Ontario. The Corporation provides financial assistance by making and guaranteeing loans. The Corporation also administers certain activities on behalf of other Provincial ministries and agencies.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in the Corporation is detailed in the Statement of Investment by the Province of Ontario. The Province contributes funds to finance the lending and financial assistance activities and reimburses the Corporation for administrative operating costs. Credit losses are recorded as a reduction in advances from the Province and an increase in contributed capital.

The Province's gross investment is reduced by advances repaid or forgiven, interest on funds advanced and recoveries of loan and guarantee losses.

(b) Loans receivable

Loans receivable are reported at the amount disbursed plus accrued interest, less principal repayments and amounts written off. No provision is made for the principal portion of doubtful loans in advance of a loan being partially or fully written off. A full provision is made for accrued interest on loans which are greater than 150 days in arrears, (Note 3).

Loans receivable include both loans made directly by the Corporation and loans administered for other Provincial ministries and agencies if the Corporation is a signatory to the loan agreement.

Eastern Ontario Development Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

(b) Loans receivable (cont'd.)

A loan is considered for write-off at the time any of the following circumstances exist:

- i) either principal or interest payments are greater than 180 days in arrears;
- ii) the loan is a restructured loan and principal or interest payments are greater than 90 days in arrears;
- iii) the loan previously has been partially written off; or
- iv) at any other time when, in management's view, the loan has suffered an impairment in value that is considered other than temporary.

Loans which meet any of the above criteria are written off unless management believes that the Corporation will recover some or all of the outstanding loan balance, in which case the loan is written down to the estimated net realizable value.

Loan losses in the Statement of Operations are net of recoveries on loans previously written off.

(c) Revenue recognition

Interest income is recognized on the accrual basis, except for certain loans administered by the Corporation that permit the borrower to defer interest payments. For those interest-deferred loans, interest that accrues during the deferred payment period is recognized in income only when received.

(d) Guarantees

Guarantee expenses are recognized at the date the Corporation honours a guarantee. No provision for anticipated guarantee losses is recorded in advance of honouring a guarantee. Guarantee losses in the Statement of Operations are net of recoveries on guarantees previously honoured.

Eastern Ontario Development Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

(e) Fixed assets

Fixed assets for the Corporation's own use are expensed on acquisition and are included in administration expenses.

(f) Administration expenses

Administration expenses are reflected on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

3. CHANGE IN ACCOUNTING POLICY

The Corporation provides for all accrued interest on loans which are greater than 150 days in arrears. In prior years, no such provisions were made. This change in accounting policy has been applied retroactively and, as a result, 1991 Net Cost of Operations increased by \$493,000, 1991 Loans Receivable decreased by \$493,000 and 1992 Net Cost of Operations is \$387,000 lower than it would have otherwise been.

4. LOANS RECEIVABLE

Loans receivable include \$7.0 million [1991 - \$6.7 million] of loans administered on behalf of other Provincial agencies and ministries.

As at March 31, 1992, the interest-earning loans bear fixed rates ranging from 6% to 14.5%. The weighted average interest rate on all interest bearing loans was 11.0% at March 31, 1992 [1991 - 10.9%].

Loans on which payments were past due by more than 90 days and 180 days amounted to \$2.0 million and \$1.2 million respectively [1991 - \$4.6 million and \$2.6 million respectively].

Eastern Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

5. GUARANTEES

The Corporation guarantees the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. Normally, no guarantee fees are charged to the borrowers or to the Province. Under certain guarantee programs, the Corporation guarantees only a portion of loans outstanding. Furthermore, if certain of the guarantees are required to be honoured, the funding to meet such obligations will be received from other ministries or agencies. At March 31, 1992, the Corporation's total contingent liability and commitments under guarantees was \$24.7 million (1991 - \$37 million) represented by \$20.5 million (1991 - \$22 million) relating to guarantees for loans advanced and \$4.2 million (1991 - \$15 million) relating to guarantee commitments for loans not yet advanced. The accounting for guarantee losses is described in note 2(d).

6. ADVANCES

Advances from the Province are used to fund loans. The advances have no fixed maturity dates and are forgiven by the Province if the related loan receivable proves uncollectible.

Certain of the advances relating to specific programs are interest free.

At March 31, 1992, \$34.2 million [1991 - \$30.2 million] of advances were interest bearing, with the balance of \$8.4 million [1991 - \$9.0 million] being interest free.

7. CREDIT AND INVESTMENT LOSSES

Credit and investment losses shown in the Statement of Operations are net of recoveries as follows:

	Loans \$	Guarantees \$
	[thousands]	
Writedowns/guarantees honoured	2,055	1,213
Less recoveries	(562)	0
Net expense - 1992	1,493	1,213
Net expense - 1991	2,220	(26)

Eastern Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

8. ACTIVITIES ADMINISTERED

The Statement of Operations includes revenue and expenses related to activities administered on behalf of other Provincial ministries and agencies. The schedule which follows separates the revenue and expenses directly related to the corporation's own activities and those administered on behalf of others.

	Corporation's own activities \$	Administered activities \$	Total \$
	[thousands]		
Revenue			
Interest on loans	2,558	0	2,558
Interest on short-term deposits	463	0	463
	3,021	0	3,021
Expenses			
Credit and Investment Losses			
Loans	1,493	0	1,493
Guarantees	0	1,213	1,213
Interest subsidy payments	89	551	640
	1,582	1,764	3,346
Administration			1,104
			4,450
Net cost of operations:			1,429

In addition to the expenses included above, the Corporation paid to the Province interest on advances for direct activities amounting to \$3,705,000.

Eastern Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

9. ADMINISTRATION

Administration expenses for the year ended March 31 are as follows:

	1992 \$	1991 \$
	[thousands]	
Salaries and benefits	847	784
Transportation and communication	179	168
Services	55	79
Supplies and equipment	23	16
	1,104	1,047

The Corporation provides pension benefits for all its permanent staff through participation in the Public Service Pension Fund, established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$68,722 [1991 - \$68,100] and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's unfunded liabilities on January 1, 1990. These additional payments commenced in 1990 and will continue over forty years.

The Corporation had six members on the Board of Directors on March 31, 1992. The remuneration of the directors for 1992 totalled \$32,975 [1991 - \$40,150].

10. COMMITMENTS AND CONTINGENCIES

- (a) See Note 5 for information on guarantees.
- (b) Loans committed but not disbursed as at March 31, 1992 amounted to \$8.1 million [1991 - \$11.1 million].

Auditor's Report

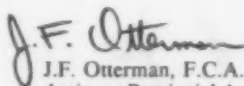
To the Northern Ontario Development Corporation
and to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of the Northern Ontario Development Corporation as at March 31, 1992 and the statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These financial statements are the responsibility of the Northern Ontario Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Ontario Development Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
June 19, 1992.

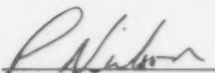

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

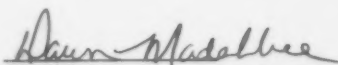
NORTHERN ONTARIO DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 1992

		1992 \$	1991 \$
		[thousands]	
ASSETS			
Loans receivable	[notes 3 and 4]	63,642	66,388
Cash and short-term deposits	[note 6]	8,921	5,273
Accounts receivable		31	38
Other assets		0	250
Total assets		72,594	71,949
LIABILITIES			
Accounts payable	-Ontario Development Corporation	4,620	4,651
	-Northern Ontario Heritage Fund	595	0
	-Other	20	0
		5,235	4,651
Commitments and contingencies [note 10]			
INVESTMENT BY THE PROVINCE OF ONTARIO			
Contributed capital, net of distributions		26,097	19,332
Advances	[note 6]	65,284	62,342
Accumulated net cost of operations		(16,705)	(10,519)
Due from Province		(7,317)	(3,857)
		67,359	67,298
Total liabilities and investment by the Province		72,594	71,949

See accompanying notes to financial statements


 Chair


 Director

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1992

		1992	1991
		\$	\$
		[thousands]	
REVENUE			
Interest on loans	[notes 3 and 4]	3,976	2,244
Interest on short-term deposits		717	991
		4,693	3,235
EXPENSES			
Credit and investment losses (net of recoveries)	[note 7]		
Loans		6,994	2,438
Guarantees		1,515	668
Interest subsidy payments		644	748
Administration	[note 9]	1,726	1,606
		10,879	5,460
Net cost of operations	[notes 3 and 8]	6,186	2,225

See accompanying notes to financial statements

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Statement of Investment by the Province of Ontario
for the year ended March 31, 1992

	Contributed capital \$	Advances \$	Accumulated net cost of operations \$	Due from Province \$
	[thousands]			
Balance, March 31, 1991	19,332	62,342	(10,519)	(3,857)
Interest on advances	(4,803)			
Contributions to fund				
Guarantee and other				
program costs	2,771			
Administration	1,726			
Forgiveness of advances	7,071	(7,071)		
New advances,				
net of repayments		10,013		
Net cost of operations for				
the year			(6,186)	
Net change in due from Province				(3,460)
Balance, March 31, 1992	26,097	65,284	(16,705)	(7,317)

See accompanying notes to financial statements

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Statement of Cash Flows
for the year ended March 31, 1992

	1992 \$	1991 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan disbursements	(13,637)	(12,932)
Loan collections	9,344	8,874
Interest collected from borrowers	3,943	3,047
Disbursements for guarantees honoured and guarantee interest subsidies	(2,159)	(1,416)
Net cash outflow for lending, investing and financial assistance activities	(2,509)	(2,427)
FINANCING ACTIVITIES		
Interest paid on Provincial advances	(4,803)	(4,996)
Advances from the Province	37,628	8,220
Repayments to the Province	(25,401)	(10,788)
Cash contributions from the Province for:		
Lending activities	2,848	3,123
Administration	1,726	1,606
Net receipts from (payments to) the Province for:		
Other agency loans under administration	545	1,705
Recoveries from borrowers of loan writeoffs and guarantees honoured	(80)	71
Other	(6,138)	(765)
Net cash inflow (outflow) from financing activities	6,325	(1,824)
OPERATING ACTIVITIES		
Interest received on short-term deposits	722	1,009
Administration costs	(1,726)	(1,606)
Other	836	(122)
Net cash outflow for operating activities	(168)	(719)
Increase (decrease) in cash and short-term deposits	3,648	(4,970)
Cash and short-term deposits, beginning of year	5,273	10,243
Cash and short-term deposits, end of year	8,921	5,273

See accompanying notes to financial statements

Northern Ontario Development Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

1. GENERAL

The Northern Ontario Development Corporation is incorporated under the Development Corporations Act and is a corporation without share capital. As an Ontario Crown Corporation, the Corporation is exempt from income taxes under Section 149 (1)(d) of the Canadian Income Tax Act.

The Corporation's objective is to encourage and assist in the development and diversification of industry in Northern Ontario. The Corporation provides financial assistance by making and guaranteeing loans. The Corporation also administers certain activities on behalf of other Provincial ministries and agencies.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in the Corporation is detailed in the Statement of Investment by the Province of Ontario. The Province contributes funds to finance the lending and financial assistance activities and reimburses the Corporation for administrative operating costs. Credit losses are recorded as a reduction in advances from the Province and an increase in contributed capital.

The Province's gross investment is reduced by advances repaid or forgiven, interest on funds advanced and recoveries of loan and guarantee losses.

(b) Loans receivable

Loans receivable are reported at the amount disbursed plus accrued interest, less principal repayments and amounts written off. No provision is made for the principal portion of doubtful loans in advance of a loan being partially or fully written off. A full provision is made for accrued interest on loans which are greater than 150 days in arrears, (Note 3).

Loans receivable include both loans made directly by the Corporation and loans administered for other Provincial ministries and agencies if the Corporation is a signatory to the loan agreement.

Northern Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

(b) Loans receivable (cont'd.)

A loan is considered for write-off at the time any of the following circumstances exist:

- i) either principal or interest payments are greater than 180 days in arrears;
- ii) the loan is a restructured loan and principal or interest payments are greater than 90 days in arrears;
- iii) the loan previously has been partially written off; or
- iv) at any other time when, in management's view, the loan has suffered an impairment in value that is considered other than temporary.

Loans which meet any of the above criteria are written off unless management believes that the Corporation will recover some or all of the outstanding loan balance, in which case the loan is written down to the estimated net realizable value.

Loan losses in the Statement of Operations are net of recoveries on loans previously written off.

(c) Revenue recognition

Interest income is recognized on the accrual basis, except for certain loans administered by the Corporation that permit the borrower to defer interest payments. For those interest-deferred loans, interest that accrues during the deferred payment period is recognized in income only when received.

(d) Guarantees

Guarantee expenses are recognized at the date the Corporation honours a guarantee. No provision for anticipated guarantee losses is recorded in advance of honouring a guarantee. Guarantee losses in the Statement of Operations are net of recoveries on guarantees previously honoured.

Northern Ontario Development Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

(e) Fixed assets

Fixed assets for the Corporation's own use are expensed on acquisition and are included in administration expenses.

(f) Administration expenses

Administration expenses are reflected on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

3. CHANGE IN ACCOUNTING POLICY

The Corporation provides for all accrued interest on loans which are greater than 150 days in arrears. In prior years, no such provisions were made. This change in accounting policy has been applied retroactively and, as a result, 1991 Net Cost of Operations increased by \$674,000, 1991 Loans Receivable decreased by \$674,000, and 1992 Net Cost of Operations is \$189,000 lower than it would have otherwise been.

4. LOANS RECEIVABLE

Loans receivable include \$17.2 million [1991 - \$17.4 million] of loans administered on behalf of other Provincial agencies and ministries.

As at March 31, 1992, the interest earning loans bear fixed-rates ranging from 6% to 16.5%. The weighted average interest rate on all loans was 10.1% at March 31, 1992 [1991 - 11.0%].

Loans on which payments were past due by more than 90 days and 180 days amounted to \$7.5 million and \$3.9 million respectively [1991 - \$8.0 million and \$3.1 million respectively].

Northern Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

5. GUARANTEES

The Corporation guarantees the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. Normally, no guarantee fees are charged to the borrowers or to the Province. Under certain guarantee programs, the Corporation guarantees only a portion of loans outstanding. Furthermore, if certain of the guarantees are required to be honoured, the funding to meet such obligations will be received from other ministries or agencies. At March 31, 1992, the Corporation's total contingent liability and commitments under guarantees was \$53.9 million (1991 - \$132.6 million) represented by \$32.2 million (1991 - \$35.1 million) relating to guarantees for loans advanced and \$21.7 million (1991 - \$97.5 million) relating to guarantee commitments for loans not yet advanced. The accounting for guarantee losses is described in note 2(d).

6. ADVANCES

Advances from the Province are used to fund loans. The advances have no fixed maturity dates and are forgiven by the Province if the related loan receivable proves uncollectible.

Included in advances and cash is \$4.1 million of pre-funding received from Northern Ontario Heritage Fund Corporation (NOHFC). This cash can only be used to fund NOHFC loans as directed by the board of directors of NOHFC.

Certain of the advances relating to specific programs are interest free. At March 31, 1992, \$42.3 million [1991 - \$43.0 million] of advances were interest bearing, with the balance of \$23.0 million [1991 - \$19.3 million] being interest free.

Northern Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

7. CREDIT AND INVESTMENT LOSSES

Credit and investment losses shown in the Statement of Operations are net of recoveries as follows:

	Loans \$	Guarantees \$
	[thousands]	
Writedowns/guarantees honoured	7,705	1,515
Less recoveries	(711)	0
Net expense - 1992	6,994	1,515
Net expense - 1991	2,438	668

8. ACTIVITIES ADMINISTERED

The Statement of Operations includes revenue and expenses related to activities administered on behalf of other Provincial ministries and agencies. The schedule which follows separates the revenue and expenses related to the Corporation's own activities and those administered on behalf of others.

	Corporation's own activities \$	Administered activities \$	Total \$
	[thousands]		
Revenue			
Interest on loans	3,976	0	3,976
Interest on short-term deposits	276	441	717
	4,252	441	4,693
Expenses			
Credit and Investment losses			
Loans	6,994	0	6,994
Guarantees	509	1,006	1,515
Interest subsidy payments	124	520	644
	7,627	1,526	9,153
Administration			1,726
			10,879
Net cost of operations			6,186

Northern Ontario Development Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

8. ACTIVITIES ADMINISTERED (cont'd)

In addition to the expenses included above the Corporation paid to the Province interest on advances for direct activities amounting to \$4,803,000.

9. ADMINISTRATION

Administration expenses for the year ended March 31 are as follows:

	1992	1991
	\$	\$
	[thousands]	
Salaries and benefits	1,376	1,117
Transportation and communication	226	274
Services	73	113
Supplies and equipment	51	102
	1,726	1,606

The Corporation provides pension benefits for all its permanent staff through participation in the Public Service Pension Fund, established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$109,300 [1991 - \$93,100] and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's unfunded liabilities on January 1, 1990. These additional payments commenced in 1990 and will continue over forty years.

The Corporation had nine members on the Board of Directors on March 31, 1992. The remuneration of the directors for 1992 totalled \$35,625 [1991 - \$48,600].

10. COMMITMENTS AND CONTINGENCIES

(a) See Note 5 for information on guarantees.

(b) Loans committed but not disbursed as at March 31, 1992 amounted to \$12.6 million [1991 - \$15.6 million].

Auditor's Report

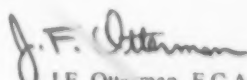
To the Innovation Ontario Corporation
and to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of the Innovation Ontario Corporation as at March 31, 1992 and the statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These financial statements are the responsibility of the Innovation Ontario Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Innovation Ontario Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
June 19, 1992.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

INNOVATION ONTARIO CORPORATION

Balance Sheet
as at March 31, 1992

	1992	1991
	\$	\$
	[thousands]	
ASSETS		
Equity and royalty investments [note 3]	23,732	15,982
Loans receivable	638	638
	24,370	16,620
Cash and short-term deposits (net)	3,410	647
Accounts receivable	82	49
Total assets	27,862	17,316

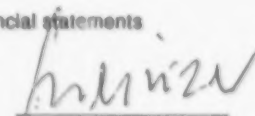
Commitments [note 5]

INVESTMENT BY THE PROVINCE OF ONTARIO

Contributed capital, net of distributions	55,079	38,798
Accumulated net cost of operations	(27,071)	(19,778)
Due from Province	(146)	(1,704)
Total investment by the Province	27,862	17,316

See accompanying notes to financial statements


Chair


Director

INNOVATION ONTARIO CORPORATION

Statement of Operations
for the year ended March 31, 1992

	1992	1991
	\$	\$
	[thousands]	
REVENUE		
Royalty and loan interest income	117	30
Interest on short-term deposits	230	146
Gain on sale of equity investments	168	110
	515	286
EXPENSES		
Provision for investment losses	3,725	3,321
Administration [note 4]	2,201	1,680
Technology royalty investments	1,862	585
	7,808	5,586
Net cost of operations	7,293	5,300

See accompanying notes to financial statements

INNOVATION ONTARIO CORPORATION

Statement of Investment by the Province of Ontario

for the year ended March 31, 1992

	Contributed capital \$	Accumulated net cost of operations \$	Due from Province \$
Balance, March 31, 1991	38,798	(19,778)	(1,704)
Contributions to fund			
Investments	12,198		
Technology royalty investments	1,882		
Administration	2,201		
Net cost of operations for the year		(7,293)	
Net change in due from Province			1,558
Balance, March 31, 1992	55,079	(27,071)	(146)

See accompanying notes to financial statements

INNOVATION ONTARIO CORPORATION

Statement of Cash Flows
for the year ended March 31, 1992

	1992 \$	1991 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan repayments	0	20
Purchase of equity investments	(12,198)	(7,938)
Proceeds on sale of investments	891	571
Technology royalty investments	(1,882)	(585)
Royalty income received	117	30
Net cash outflow for lending and investing activities	(13,072)	(7,902)
FINANCING ACTIVITIES		
Cash contributions from the Province for:		
Equity and royalty investments	14,080	8,523
Lending activities and administration	2,201	1,680
Other	1,558	(1,197)
Net cash inflow from financing activities	17,839	9,006
OPERATING ACTIVITIES		
Interest received on short-term deposits	230	146
Administration expenses	(2,201)	(1,680)
Other	(33)	(27)
Net cash outflow for operating activities	(2,004)	(1,561)
Increase (decrease) in cash and short-term deposits	2,763	(457)
Cash and short-term deposits, beginning of year	647	1,104
Cash and short-term deposits, end of year	3,410	647

See accompanying notes to financial statements

Innovation Ontario Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

1. OPERATIONS OF THE CORPORATION

Innovation Ontario Corporation was incorporated by regulation under the Development Corporations Act on June 26, 1986. As an Ontario Crown Corporation, the Corporation is exempt from income taxes under Section 149 1(d) of the Canadian Income Tax Act.

The Corporation was created to stimulate economic development by providing financial support and management assistance for high risk start-ups in new technology-based industries in Ontario. The financial assistance provided by the Corporation is through equity investments or quasi-equity investments such as convertible debentures and royalty arrangements.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Transactions with the Province**

The Province's investment in the Corporation is detailed in the Statement of Investment by the Province of Ontario. The Province contributes funds to finance the equity investments, technology royalty investments, loan and other program expenses and reimburses the Corporation for operating expenses.

The Province's gross investment is reduced by advances repaid, interest on funds advanced, dividends paid and recoveries of loan and guarantee losses.

(b) Equity investments and loans receivable

Equity investments and loans receivable are recorded at cost less provision for losses for those investments and loans that in management's opinion have incurred an other than temporary decline in value. The provision is determined by management based upon their best estimates from the most current information available to them. Establishing the value of an early stage investment, when there is no existing market for the shares, is very difficult. As such, if a provision for loss is made with respect to a specific investment, the provision would normally be for the full cost of the investment.

Innovation Ontario Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

(c) Technology royalty investments

In specific instances, the Corporation will make an investment using a royalty arrangement rather than the purchase of equity. Given the uncertain nature, both with respect to timing and magnitude of future royalties, royalty investments are expensed as incurred.

(d) Revenue recognition

Interest and royalty income is recognized on the accrual basis.

(e) Fixed assets

Fixed assets for the Corporation's own use are expensed on acquisition and are included in administration expenses.

(f) Administration expenses

Administration expenses are recorded on a cash basis which is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended.

3. EQUITY AND ROYALTY INVESTMENTS

	Number of investees	1992 \$	1991 \$
		[thousands]	
Common shares	105	17,473	15,382
Preferred shares	28	6,259	600
Technology royalty investments	75	0	0
	208	23,732	15,982

The accumulated total disbursements related to technology royalty investments as at March 31, 1992 was \$5,467,000 [1991 - \$3,585,000].

Innovation Ontario Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

4. ADMINISTRATION

	1992	1991
	\$	\$
	[thousands]	
Salaries and benefits	1,528	1,119
Transportation and communication	130	127
Services	473	415
Supplies and equipment	70	19
	2,201	1,680

The Corporation provides pension benefits for all its permanent staff through participation in the Public Service Pension Fund, established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$118,900 [1991 - \$45,400] representing the total obligation of the Corporation and is included in salaries and benefits. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's unfunded liabilities on January 1, 1990. These additional payments will continue over forty years.

The Corporation had nine members on the Board of Directors on March 31, 1992. The remuneration of the directors for 1992 totalled \$50,718 [1991 - \$58,675].

5. COMMITMENTS

Funds committed but not disbursed as at March 31, 1992 amounted to:

	1992	1991
	\$	\$
	[thousands]	
Equity investments	1,415	870
Technology royalty investments	200	30
	1,615	900

Auditor's Report

To the Farm Income Stabilization Commission of Ontario
and to the Minister of Agriculture and Food.

I have audited the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1992 and the statement of receipts and disbursements for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1992 and its receipts and disbursements for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
May 29, 1992.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

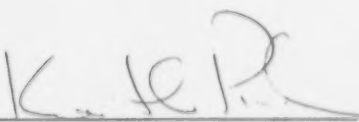
FARM INCOME STABILIZATION COMMISSION OF ONTARIO

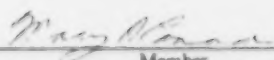
Balance Sheet
as at March 31, 1992

	1992 (\$000's)	1991 (\$000's)
Assets		
Cash	<u>23,536</u>	<u>16,138</u>
Liabilities		
Government subsidies (note 1)	<u>23,536</u>	<u>16,138</u>

See accompanying notes to financial statements.

On behalf of the Commission:


Chairman


Member

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements
for the year ended March 31, 1992

	1992 (\$000's)	1991 (\$000's)
Receipts:		
Subsidies from Province of Ontario (note 1)	17,500	12,335
Administrative expenses paid by Province (note 3)	2,149	2,372
Interest income	<u>327</u>	<u>517</u>
	<u>19,976</u>	<u>15,224</u>
Disbursements:		
Stabilization payments	15,644	7,611
Farmers' enrolment fees withheld	<u>(5,215)</u>	<u>(2,537)</u>
Net stabilization payments (note 1)	10,429	5,074
Refunds of farmers' enrolment fees including interest income	--	77
Administrative expenses (note 3)	<u>2,149</u>	<u>2,372</u>
	<u>12,578</u>	<u>7,523</u>
Surplus of receipts over disbursements	7,398	7,701
Cash, beginning of year	<u>16,138</u>	<u>8,437</u>
Cash, end of year	<u>23,536</u>	<u>16,138</u>

See accompanying notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1992

1. FARM INCOME STABILIZATION PLANS

By regulation under the Farm Income Stabilization Act, Ontario has voluntary farm income stabilization plans for the following commodities: grain (corn, soybeans, spring wheat, winter wheat, barley, oats, and canola), and fresh market potatoes. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices.

Stabilization support payments are also made by the Federal Government. Federal stabilization support payments are made for the difference between the current market price and 90 per cent of the five-year average market price as adjusted for cash costs of production. The Provincial plan supplements the Federal plan on the same basis, and pays the difference between 90 and 95 per cent. One-third of the cost of the provincial benefit is borne by the farmer as an enrolment fee, with the remaining two-thirds made as stabilization support payments. The farmer's one-third enrolment fee is withheld from the stabilization support payment.

For the 1990 crop year, the provincial government is including the grain producers one-third enrolment fee in the payment. Interim payments made to-date on account of the 1990 crop year will be adjusted to reflect this.

The new Market Revenue Insurance Program replaces the grain plans of the Farm Income Stabilization Program for the 1991 and subsequent crop years. Obligations of the Commission relating to 1990 and prior crop years will continue to be honoured.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management using the modified cash basis of accounting. Under this modified cash basis, revenue is recorded when received and expenses are recorded when paid, except at the fiscal year end when an additional 30 days are allowed to record both payments for goods and services and to record receipt of government subsidies pertaining to the fiscal year just ended.

3. ADMINISTRATIVE EXPENSES

Salaries, benefits and other administrative expenses of the Commission are absorbed by the Ministry of Agriculture and Food and are included in the statement of receipts and disbursements. Details are as follows:

	1992 (\$000's)	1991 (\$000's)
Salaries and benefits	1,258	1,284
Transportation and communication	111	58
Services	675	695
Supplies and equipment	<u>105</u>	<u>335</u>
Total expenses reimbursed by the Province	<u>2,149</u>	<u>2,372</u>

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1992

4. REMUNERATION OF APPOINTEES

Total remuneration of the members of the Commission was \$3,661 during the 1992 fiscal year (1991 - \$1,906).

5. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with the current year's presentation.

Auditor's Report

To the Interim Waste Authority Ltd. and to the Minister responsible for the Office for the Greater Toronto Area.

I have audited the statement of financial position of the Interim Waste Authority Ltd. as at March 31, 1992 and the statement of expenses for the period from May 10, 1991 to March 31, 1992. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1992 and the results of its operations for the period then ended in accordance with generally accepted accounting principles.

Toronto, Ontario,
May 27, 1992.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

INTERIM WASTE AUTHORITY LTD.**Statement of Financial Position
as at March 31, 1992****ASSETS****Current Assets**

Cash	\$ 10
Current Portion of Prepaid Expenses (note 3)	<u>256,402</u>
	\$ 256,412

Prepaid Expenses (note 3)	232,000
---------------------------	---------

Fixed Assets (note 4)	<u>146,030</u>
	<u>\$ 634,442</u>

**LIABILITIES, SHARE CAPITAL AND
ACCUMULATED COSTS OF DEVELOPMENT****Current Liabilities**

Accounts Payable and Accrued Liabilities	\$1,937,648
--	-------------

Long Term Liabilities

Amounts Due to the Province of Ontario (note 6)	8,646,330
---	-----------

Share Capital and Accumulated Costs of Development

Share Capital -	
Authorized and Issued - 10 Common Shares	10
Accumulated Costs of Development	<u>(9,949,546)</u>
	<u>\$ 634,442</u>

The accompanying notes to financial statements are an integral part of this statement.

Approved on behalf of the Board:


Chair


General Manager

INTERIM WASTE AUTHORITY LTD.**Statement of Expenses
for the Period from May 10, 1991 (date of incorporation) to March 31, 1992****Operating Expenses**

Technical Consulting Fees	\$6,078,101	
Public Consultation Costs	1,811,535	
Legal Fees	222,505	
Project Insurance Costs	<u>92,081</u>	\$8,204,202

Administrative Expenses (note 7)

Salaries and Benefits	\$1,290,589	
Transportation and Communication	53,219	
Services	335,762	
Supplies and Equipment	41,149	
Depreciation	<u>24,625</u>	<u>1,745,344</u>

Accumulated Costs of Development	<u>\$9,949,546</u>
---	---------------------------

The accompanying notes to financial statements are an integral part of this statement.

INTERIM WASTE AUTHORITY LTD.**Notes to Financial Statements
March 31, 1992**

1. Purpose of the Corporation

The Interim Waste Authority Ltd. ("the Corporation"), incorporated under the Ontario Business Corporations Act on May 10, 1991, was established to search for, select and establish three solid waste landfill sites to meet the needs of the Regional Municipalities of Peel, Durham, and the Regional Municipality of York and the Municipality of Metropolitan Toronto.

The sole shareholder is the Minister responsible for the Office for the Greater Toronto Area representing the Province of Ontario. All funding is currently provided by the Province of Ontario.

The Corporation is currently in the development stage and has incurred costs in connection with the search for landfill sites. The Corporation is ultimately expected to generate revenues through the operation or disposition of the landfill sites.

2. Significant Accounting Policies**Basis of Accounting and Presentation**

These financial statements have been prepared by management in accordance with generally accepted accounting principles.

Statement of Changes in Financial Position

A Statement of Changes in Financial Position is not included in these financial statements as the information which would be contained therein is readily available within the body of these financial statements.

Fixed Assets

Fixed assets are recorded at cost and are depreciated on a declining-balance basis over their estimated useful lives as follows:

Motor Vehicles	- 30% per annum
Office Equipment	- 30% per annum
Office Furniture	- 20% per annum

Depreciation is provided for half a year on fixed asset additions during the year.

3. Prepaid Expenses

Prepaid expenses include prepaid premiums for general liability and errors and omission insurance coverage relating to the consulting companies engaged on the various projects undertaken by the Corporation. All these policies are for three years.

INTERIM WASTE AUTHORITY LTD.

Notes to Financial Statements
March 31, 19924. *Fixed Assets*

	Cost	Accumulated Depreciation	Net Book Value
Motor Vehicles	\$ 7,560	\$ 1,134	\$ 6,426
Office Equipment	143,635	21,545	122,090
Office Furniture	19,460	1,946	17,514
	<u>\$170,655</u>	<u>\$24,625</u>	<u>\$146,030</u>

5. *Lease Commitments*

Future minimum operating lease payments are as follows:

1993	\$205,026
1994	174,655
1995	<u>129,576</u>
	<u>\$509,257</u>

6. *Amounts Due to the Province of Ontario*

The amounts due to the Province bear interest at the Province of Ontario's five-year borrowing rate, commencing March 31, 1992 at a rate of 9.25 per cent.

Amounts owing, including principal and interest, are repayable from expected future revenues to be generated from the operation or disposition of the landfill sites. The full amount is to be repaid by March 31, 1997 unless renegotiated by that date.

The cash basis of accounting used in the public accounts of the Province of Ontario is modified to allow for an additional thirty days to pay for debts incurred during the fiscal year just ended ("the Cash Basis"). Had the Corporation followed the Cash Basis, the amount reflected as due to the Province of Ontario would have been \$9,339,330. The difference of \$693,000 is included in Accounts Payable and Accrued Liabilities in the Statement of Financial Position.

7. *Related Party Transactions*

The Corporation receives accounting and other services from certain Province of Ontario ministries. In addition, the majority of employees of the Corporation have been seconded from other ministries on a temporary basis. Included in the Corporation's administrative expenses are amounts paid for these services which approximate the actual costs to the various ministries.

Certain employees seconded from other ministries were involved in the establishment of the Corporation and, therefore, their salaries from April 1, 1991 to May 9, 1991 have been charged to the Corporation.

Auditor's Report

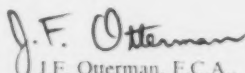
To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations.

I have audited the balance sheet of the Liquor Control Board of Ontario as at March 31, 1992 and the statement of income and retained income for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1992 and the results of its operations for the year then ended in accordance with the accounting policy described in note 1 to the financial statements.

Toronto, Ontario,
July 16, 1992.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

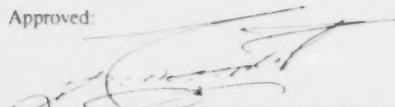
LIQUOR CONTROL BOARD OF ONTARIO

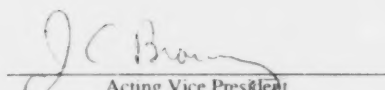
Balance Sheet
as at March 31, 1992

	1992 (\$000's)	1991 (\$000's)
Assets		
Current		
Cash and short-term investments	36,218	55,648
Accounts receivable, trade and others	3,540	16,391
Inventories, at cost	165,525	157,250
Prepaid expenses	<u>1,872</u>	<u>1,923</u>
	<u>207,155</u>	<u>231,212</u>
Liabilities and Retained Income		
Current		
Accounts payable and accrued liabilities	118,212	116,677
Retained income	<u>88,943</u>	<u>114,535</u>
	<u>207,155</u>	<u>231,212</u>

See accompanying notes to financial statements.

Approved:


 Chairman


 Acting Vice President,
 Finance and Administration

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income and Retained Income
year ended March 31, 1992

	1992 ((\$000's))	1991 ((\$000's))
Sales and other income	<u>1,833,386</u>	<u>1,936,710</u>
Costs and expenses		
Cost of sales	861,164	977,861
Retail stores and marketing	225,540	216,330
Administration	43,928	43,319
Warehousing and distribution	27,592	26,642
Fixed assets	<u>25,754</u>	<u>29,751</u>
	<u>1,183,978</u>	<u>1,293,903</u>
Net income for the year	649,408	642,807
Retained income, beginning of year	<u>114,535</u>	<u>121,728</u>
	763,943	764,535
Deduct payments to the Treasurer of Ontario on account of net income	<u>675,000</u>	<u>650,000</u>
Retained income, end of year	<u>88,943</u>	<u>114,535</u>

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements
March 31, 1992

1. SIGNIFICANT ACCOUNTING POLICY

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

2. INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water, vandalism or theft. All other material assets are insured by insurance companies.

3. LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$000's)
1993	21,669
1994	15,651
1995	13,300
1996	10,593
1997	7,956
Thereafter	<u>11,832</u>
	<u>81,001</u>

4. PENSION PLAN

The Board provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Board's share of contributions to the Fund during the year was \$15,207,196 (1991 - \$15,076,861). This amount includes current contributions and additional payments required to cover the Board's share of the Fund's unfunded liability on January 1, 1990. These additional payments will continue over the next 38 years.

5. CONTINGENT LIABILITY

Major airlines have taken legal action against the Board contesting the Board's right to collect mark-up on any liquor which is imported into Ontario by the airlines. The outcome of this action and the amounts involved are not determinable. Judgment, if any, against the Board will be accounted for as a prior period adjustment in the year the claim is resolved.

NIAGARA PARKS COMMISSION

STATEMENT 1

EXPOSÉ 1

Balance Sheet

Bilan en date

as at October 31, 1991

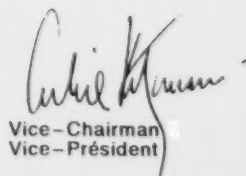
du 31 octobre 1991

	1991 \$	1990 \$	
CURRENT ASSETS			ACTIF DISPONIBLE
Cash	637,298	1,535,587	Caisses et banques
Temporary investments - at cost which approximates market value	5,000	1,498,805	Investissements temporaires - à un coût proche de celui de la valeur vénale
Accounts Receivable			Comptes recevables
Land Rent	1,428,361	1,333,601	Location de terrain
Sundry	641,654	430,792	Divers
Inventories			Inventaires
Saleable merchandise	2,495,452	2,255,744	Marchandises vendables
Maintenance and other supplies	479,573	555,430	Entretien et autres fournitures
Prepaid Expenses	136,705	124,628	Dépenses payées d'avance
	5,824,043	7,734,587	
FIXED - Note 1	79,109,632	69,736,010	IMMOBILISÉ - note 1
	84,933,675	77,470,597	
CURRENT LIABILITIES			PASSIF
Bank Loan - note 2	8,000,000	-	Emprunt bancaire - note 2
Accounts payable	2,499,448	3,087,742	Comptes fournisseurs
Accrued payroll	1,135,206	1,562,250	Salaires accumulés
	11,634,654	4,649,992	
EQUITY (Statement 2)	73,299,021	72,820,605	FONDS (Exposé 2)
	84,933,675	77,470,597	

See accompanying notes to financial statements.
Voir notes accompagnant les états financiers.

On behalf of the Commission:
Au nom de la Commission:


Chairman
Président


Vice-Chairman
Vice-Président

NIAGARA PARKS COMMISSION

STATEMENT 2

Statement of Equity

for the year ended October 31, 1991

EXPOSÉ 2

État des fonds

pour l'exercice se terminant le 31 octobre 1991

	1991 \$	1990 \$	
EQUITY, BEGINNING OF YEAR	72,820,605	70,290,386	SOLDE - EN DÉBUT D'ANNÉE
NET INCOME FOR THE YEAR - (Statement 3)	478,416	2,530,219	REVENUS NETS POUR L'ANNÉE (EXPOSÉ 3)
EQUITY, END OF YEAR	73,299,021	72,820,605	SOLDE - EN FIN D'EXERCICE

See accompanying notes to financial statements

Voir notes accompagnant les états financiers

NIAGARA PARKS COMMISSION

STATEMENT 3

EXPOSÉ 3

Statement of Operations

for the year ended October 31, 1991

État des exploitations

pour l'exercice se terminant le 31 octobre 1991

	1991 \$	1990 \$	
INCOME			REVENUS
Land rent	4,458,390	4,219,918	Location des terrains
Commissions, rentals and fees	1,357,286	1,183,984	Commissions, bails et honoraires
Net income from gift shops, restaurants and attractions, exclusive of any portion of the administrative overhead of the Commission – Schedule 1	10,861,160	11,435,282	Revenus nets des boutiques de souvenirs, restaurants et attractions, excluant toute partie des frais généraux d'administration de la Commission – Annexe 1
Sundry income	34,501	27,928	Revenus divers
Premium on United States funds – net	400,379	317,031	Prime sur les fonds américains – net
Interest	74,395	536,400	Intérêts
	17,186,111	17,720,543	
EXPENSES			DÉPENSES
Maintenance expenses	10,854,031	10,572,465	Frais d'entretien
Administrative and general expenses	2,964,392	2,830,380	Frais administratifs et généraux
Advertising and public relations	439,640	354,432	Publicité et relations publiques
Bank charges and interest	30,141	28,263	Frais bancaires et intérêts
Loan interest	704,905	81,104	Intérêt sur emprunt
Loss on disposal of fixed assets – net	59,887	73,493	Pertes sur la liquidation d'immobilisations
	15,052,996	13,940,137	
NET INCOME FOR THE YEAR BEFORE DEPRECIATION OF NON-INCOME PRODUCING ASSETS	2,133,115	3,780,406	REVENUS NETS POUR L'EXERCICE AVANT L'AMORTISSEMENT SUR LES ACTIFS (NON PRODUCTIFS)
DEPRECIATION OF NON-INCOME PRODUCING ASSETS	1,654,699	1,250,187	AMORTISSEMENT SUR LES ACTIFS (NON PRODUCTEURS)
NET INCOME FOR THE YEAR	478,416	2,530,219	REVENUS NETS POUR L'EXERCICE

See accompanying notes to financial statements

Voir notes accompagnant les états financiers

NIAGARA PARKS COMMISSION

STATEMENT 4

EXPOSÉ 4

Statement of Changes in Financial Position

for the year ended October 31, 1991

État des changements de situation financière

pour l'exercice se terminant le 31 octobre 1991

	1991 \$	1990 \$	
OPERATING ACTIVITIES			ACTIVITÉS D'EXPLOITATION
Cash from operations			Compant des exploitations
Net income for the year	478,416	2,530,219	Revenu net pour l'exercice
Charges against income not requiring an outlay of funds			Charges contre le revenu n'exigeant aucun frais
• depreciation	3,644,234	2,994,375	• amortissement
• loss on disposal of fixed assets – net	59,887	73,493	• perte sur liquidation d'immobilisations – net
	4,182,537	5,598,087	
Net change in non-cash working capital balances related to operations	(1,496,888)	617,746	Changement net sur les ba- lances de fonds de roulement se rapportant aux exploitations
Funds provided by operating activities	2,685,649	6,215,833	Fonds des activités d'exploitation
INVESTING ACTIVITIES			INVESTISSEMENTS
Purchase of fixed assets	(13,106,816)	(17,027,577)	Achat d'immobilisations
Proceeds on sale of fixed assets	29,073	64,941	Produits sur la vente d'immobilisations
Funds for capital program	–	4,250,624	Fonds pour programmes d'investissements
Funds used for investing activities	(13,077,743)	(12,712,012)	Fonds utilisés pour les investissements
DECREASE IN CASH	(10,392,094)	(6,496,179)	DIMINUTION DE CAPITAL
CASH, BEGINNING OF YEAR	3,034,392	9,530,571	CAPITAL, EN DÉBUT D'EXERCICE
CASH, END OF YEAR	(7,357,702)	3,034,392	CAPITAL, EN FIN D'EXERCICE
CASH			CAPITAL
Cash	637,298	1,535,587	Comptant
Temporary investments	5,000	1,498,805	Investissements temporaires
Bank indebtedness	(8,000,000)	–	Dette bancaire
	(7,357,702)	3,034,392	

See accompanying notes to financial
statements

Voir notes accompagnant les états financiers

NIAGARA PARKS COMMISSION

SCHEDULE 1

ANNEXE 1

Gift Shops, Restaurants and Attractions
Schedule of OperationsBoutiques de souvenirs, restaurants et attractions
État des exploitations

for the year ended October 31, 1991

pour l'exercice se terminant le 31 octobre 1991

	1991 \$	1990 \$	
INCOME			REVENUS
Souvenirs, china and post cards	14,251,419	15,540,677	Souvenirs, porcelaines et cartes postales
Food and refreshments	9,945,818	10,482,492	Nourriture et rafraîchissements
Beer, liquor and wine	1,285,847	1,400,866	Bières, boissons alcoolisées et vins
Confectionery and tobacco	897,156	835,649	Friandises et tabac
Fares and admissions	10,253,133	9,730,951	Billets d'autobus et d'entrée
Rentals	587,454	500,973	Locations
Sundry	908,368	1,044,482	Divers
	38,129,195	39,536,090	
COST OF GOODS SOLD			COÛT DES MARCHANDISES VENDUES
Souvenirs, china and post cards	6,480,040	7,076,216	Souvenirs, porcelaines et cartes postales
Food and refreshments	2,637,659	2,990,260	Nourriture et rafraîchissements
Beer, liquor and wine	368,416	406,684	Bières, boissons alcoolisées et vins
Confectionery and tobacco	434,208	440,756	Friandises et tabac
Sundry	175,804	170,388	Divers
	10,096,127	11,084,304	
GROSS PROFIT	28,033,068	28,451,786	PROFITS BRUTS
OPERATING EXPENSES			FRAIS D'EXPLOITATION
Salaries and wages	7,882,415	7,882,520	Salaires et traitements
Employee benefits	1,360,779	1,303,845	Avantages sociaux
Advertising	398,673	431,029	Publicité
Fuel, power, water and laundry	624,459	515,563	Carburant, électricité, eau et buanderie
General expenses	1,668,379	1,802,121	Dépenses générales
Maintenance of buildings, equipment and vehicles	1,272,329	1,329,446	Entretien des bâtiments, machinerie et véhicules
Maintenance of grounds	437,378	416,490	Entretien des terrains
Grants in lieu of municipal taxes	790,848	767,564	Octrois au lieu de taxes municipales
Distribution Centre expense	747,113	823,738	Dépenses du Centre de distribution
	15,182,373	15,272,316	
NET INCOME BEFORE DEPRECIATION	12,850,695	13,179,470	REVENUS NETS AVANT L'AMORTISSEMENT
DEPRECIATION OF INCOME PRODUCING ASSETS	1,989,535	1,744,188	AMORTISSEMENT DES AVOIRS PRODUCTIF
NET INCOME EXCLUSIVE OF ANY PORTION OF THE ADMINISTRATIVE OVERHEAD OF THE COMMISSION	10,861,160	11,435,282	REVENUS NETS EXCLUANT TOUTE PARTIE DES DÉPENSES GÉNÉRALES D'ADMINISTRATION DE LA COMMISSION

See accompanying notes to financial statements

Voir notes accompagnant les états financiers

NIAGARA PARKS COMMISSION

Notes to Financial Statements

for the year ended October 31, 1991

Notes accompagnant les états financiers

de l'exercice se terminant le 31 octobre 1991

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with generally accepted accounting principles.

Inventories

Inventories of saleable merchandise are valued at the lower of cost (first-in, first-out) and net realizable value.

Fixed Assets

All fixed assets are recorded at cost. Depreciation has been recorded on the straight-line method, using rates from 2 to 20 percent for buildings, roadways and structures, from 10 to 25 percent for equipment and furnishings and from 8 to 40 percent for vehicles.

1. FIXED ASSETS

	Cost	Accumulated Depreciation	Net Book Value		
	Coût	Amortissement accumulé	Valeur comptable nette		
	\$	\$	1991 \$	1990 \$	
Land	5,793,321	0-0	5,793,321	5,793,821	Terrain
Buildings, roadways and structures	84,152,023	19,293,958	64,858,065	38,942,570	Édifices, routes et structures
Equipment and furnishings	9,776,091	4,908,559	4,867,532	4,150,907	Machineries et fournitures
Vehicles	7,111,964	3,521,250	3,590,714	4,227,590	Véhicules
	<u>106,833,399</u>	<u>27,723,767</u>	<u>79,109,632</u>	<u>53,114,888</u>	
Capital works in progress			-	16,621,122	Constructions en cours
			<u>79,109,632</u>	<u>69,736,010</u>	

2. BANK LOAN

The bank loan is secured by the guarantee of the Province of Ontario to a maximum principal amount of \$12,000,000, requires monthly payments of interest only at the bank's prime rate minus 1/8% and is due on demand.

PRATIQUES COMPTABLES IMPORTANTES

Base de comptabilité

Les états financiers ont été préparés en conformité avec les principes comptables généralement admis.

Inventaires

L'inventaire des marchandises vendables est évalué au plus bas des coûts (premier rentré, premier sorti) et de la valeur nette réalisable.

Immobilisations

Toutes les immobilisations sont enregistrées au prix coûtant. L'amortissement a été calculé suivant la méthode par annuités constantes, utilisant des taux de 2 à 20% pour les bâtiments, les routes et structures, de 10 à 25% pour les machineries et fournitures, et de 8 à 40% pour les véhicules.

1. IMMOBILISATIONS

2. EMPRUNT BANCAIRE

L'emprunt bancaire est nanti de la garantie de la Province d'Ontario jusqu'au montant principal maximal de 12 000 000 \$, requiert des paiements d'intérêts mensuels seulement au taux de base de la banque moins 1/8% et est payable sur demande.

NIAGARA PARKS COMMISSION

Notes to Financial Statements

for the year ended October 31, 1991

Notes accompagnant les états financiers

de l'exercice se terminant le 31 octobre 1991

3. PENSION PLAN

The Commission provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Commission's share of contributions to this Fund during the year was \$ 1,021,381 (1990 - \$ 959,757) and is included in administrative and general expenses in the Statement of Operations. This amount includes current contributions and additional payments required to cover the Commission's share of the fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over the next 39 years.

4. REMUNERATION OF APPOINTEES

The total remuneration of the members of the Commission was \$ 34,645 (1990 - \$ 37,272) during the year.

5. SURPLUS FUNDS

Pursuant to section 15 (2) of the Niagara Parks Act any surplus moneys shall, on the order of the Lieutenant Governor in Council, be paid to the Treasurer of Ontario and shall form part of the Consolidated Revenue Fund.

3. RÉGIME DE RETRAITE

La Commission offre des prestations de pension à tous ses employés permanents grâce à sa participation au Fonds de retraite des fonctionnaires établi par la province de l'Ontario. La part des contributions versées à ce fonds par la Commission au cours de l'année s'élevait à 1 021 381 \$ (1990 : 959 757 \$). Cette part est incluse dans les frais administratifs et généraux indiqués dans l'état des résultats d'exploitation. Ce montant comprend les cotisations actuelles et les versements additionnels qui sont nécessaires pour couvrir la part de la Commission à la dette estimative non provisionnée du fonds au 1er janvier 1990. Ces versements additionnels devront être effectués au cours des 39 prochaines années.

4. RÉMUNÉRATION DES MEMBRES

La rémunération totale des membres de la Commission équivaut à 34 645 \$ (1990 : 37 272 \$) au cours de l'année.

5. SURPLUS

Conformément à l'article 15 (2) de la Loi sur les parcs du Niagara, tout surplus, sur l'ordre du lieutenant-gouverneur en conseil, sera versé au Trésorier de l'Ontario et fera partie du Fonds du revenu consolidé.

NIAGARA PARKS COMMISSION

Auditors' Report

for the year ended October 31, 1991

Rapport des vérificateurs

de l'exercice se terminant le 31 octobre 1991

**To The Niagara Parks Commission and to the
Minister of Tourism and Recreation****A l'attention de la Commission des parcs du
Niagara et du ministre du Tourisme et des Loisirs**

I have audited the balance sheet of The Niagara Parks Commission as at October 31, 1991 and the statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

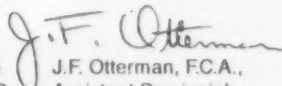
I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at October 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

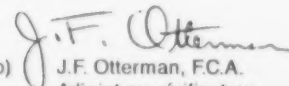
J'ai vérifié le bilan de la Commission des parcs du Niagara en date du 31 octobre 1991 de même que l'état des changements de la situation financière pour l'année se terminant à cette date. Ces états financiers sont la responsabilité de la direction de la Commission; il m'incombe d'exprimer mon avis fondé sur notre vérification desdits états financiers.

J'ai effectué la vérification selon les principes comptables généralement admis. Ces principes exigent que je procède à la vérification afin de m'assurer que ces états financiers sont libres de tout erreur importante. Une telle vérification comprend l'étude, par échantillonnage, de l'évidence à l'appui des révélations et montants inclus dans les états financiers. La vérification comporte également l'évaluation des principes comptables utilisés et des estimations importantes faites par la direction de même que l'évaluation de la présentation globale des états.

Je suis d'avis que les états financiers ci-inclus représentent équitablement la position financière de la Commission en date du 31 octobre 1991 de même que les résultats de ses exploitations et les changements dans sa position financière pour l'exercice fiscal se terminant alors sont conformes aux principes comptables généralement admis.


J.F. Otterman, F.C.A.,
Assistant Provincial
Auditor

Toronto, Ontario
January 21, 1992


J.F. Otterman, F.C.A.,
Adjoint au vérificateur
provincial

Toronto (Ontario)
21 janvier 1992

ONTARIO AEROSPACE CORPORATION

AUDITORS' REPORT

To the Directors of

Ontario Aerospace Corporation:

We have audited the balance sheet of ONTARIO AEROSPACE CORPORATION as at March 31, 1992. This financial statement is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 in accordance with generally accepted accounting principles.

Arthur Andersen & Co.

June 22, 1992.

ONTARIO AEROSPACE CORPORATIONBALANCE SHEET—MARCH 31, 1992ASSET

INVESTMENT IN deHAVILLAND HOLDINGS INC. (Note 2)	\$49,000,000
	=====

LIABILITY

LOAN FROM PROVINCE OF ONTARIO (Note 3)	\$49,000,000
COMMITMENTS AND CONTINGENCY (Notes 4 and 5)	-

	\$49,000,000
	=====

Approved on behalf of the Board:

..... Director

..... Director

The accompanying notes are an integral part of this balance sheet.

ONTARIO AEROSPACE CORPORATIONNOTES TO BALANCE SHEETMARCH 31, 1992

1. BACKGROUND AND PURPOSE

Ontario Aerospace Corporation ("OAC") was created on February 14, 1992 by regulation made under the Development Corporations Act as a corporation without share capital.

The purpose of OAC is to act on behalf of the Government of Ontario in connection with the financing and managing of the province's participation in the "deHavilland business".

2. INVESTMENT IN deHAVILLAND HOLDINGS INC.

On March 9, 1992, OAC acquired 49% of the common shares of deHavilland Holdings Inc. ("Holdco") for \$49,000,000. This investment is accounted for on the equity basis. The other 51% of the common shares of Holdco are held by Bombardier Inc.

Holdco owns 100% of the common shares of deHavilland Inc., a corporation which was formed to acquire the operating assets of, and to carry on the business of, the deHavilland Division of Boeing of Canada Ltd., including the design, manufacture, sale and servicing of commuter aircraft and related activities (the "deHavilland business").

Since the fiscal year end of Holdco and deHavilland Inc. is January 31, no information is available to determine OAC's share of income or losses for the period from March 9, 1992 to March 31, 1992.

There are 7 directors of Holdco of which OAC has the right to nominate 3 directors. The Government of Ontario has the right to review and approve the operating and business plans of deHavilland Inc. Further, the Government of Ontario has the right to appoint a member of the steering committee established for the purpose of monitoring the progress of deHavilland Inc. in achieving the objectives set out in its operating and business plans.

3. LOAN FROM PROVINCE OF ONTARIO

The loan from the Province of Ontario bears interest at the Province of Ontario's five-year borrowing rate on the day that funds are advanced, commencing March 31, 1992 at a rate of 9.25%.

The full amount is to be repaid by March 31, 1997 unless renegotiated at that date.

ONTARIO AEROSPACE CORPORATION

Notes to Balance Sheet
March 31, 1992

4. COMMITMENTS

The Governments of Canada and Ontario and OAC have committed to provide financial support to Holdco in two phases.

Phase 1

OAC has committed to advance to Holdco, Shareholder Loans up to an aggregate maximum of \$200,000,000, as follows:

April 1, 1992	\$ 36,100,000
May, 1, 1992	3,900,000
January 31, 1993	40,000,000
August 1, 1993	40,000,000
January 31, 1994	40,000,000
August 1, 1994	20,000,000
January 31, 1995	20,000,000

	\$200,000,000
	=====

Interest shall be payable on these loans only if an Event of Default occurs.

Amounts not advanced in the year in which they were available may be carried forward to future periods subject to certain terms and conditions.

Additionally, OAC will make available to Holdco cash grants towards eligible costs under the Canadian Defense Industry Productivity Program ("DIPP") of up to \$15,000,000 in fiscal 1993, \$20,000,000 in 1994 and \$25,000,00 in 1995. There are certain terms and conditions relating to this support as well as carryforward provisions for amounts not used in any given year.

Phase 2

Subject to further terms and conditions as set out in an agreement between Canada, Province of Ontario, OAC, Bombardier Inc., Holdco and deHavilland Inc., OAC shall make available DIPP support to a maximum of \$20,000,000 in fiscal 1996 and \$20,000,000 in 1997.

ONTARIO AEROSPACE CORPORATION

Notes to Balance Sheet
March 31, 1992

Repayment or Forgiveness

Subject to certain provisions as stipulated in an agreement between OAC and Holdco, the principal amount of outstanding loans shall be repayable by Holdco to OAC on April 2, 2002, 2003 and 2004 dependent upon the year in which the relevant loans were made.

However, these loans shall be foregiven if no Event of Default, as defined in the agreement referred to above between OAC and Holdco, has occurred and Holdco shall have no further liability or obligation in respect thereof. Forgiveness dates are April 1, 2002, 2003 and 2004 respectively, dependent upon the year in which the relevant loans were made.

5. CONTINGENCY

OAC has agreed to share in 50% of losses up to a maximum of \$12 million arising from a sales financing program to be offered by the Government of Canada.

The likelihood of such event occurring is not determinable at this time.

6. STATEMENTS OF INCOME, RETAINED EARNINGS AND
CHANGES IN FINANCIAL POSITION

No statement of income and retained earnings has been presented as there were no transactions affecting income during the period and information to determine OAC's share of Holdco's income or loss for the period is not available as explained in Note 2. No statement of changes in financial position has been presented as it would not provide any additional meaningful information.

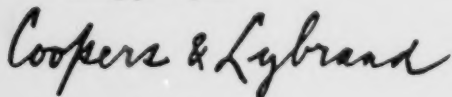
ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

AUDITORS' REPORT**TO THE HONOURABLE MINISTER OF INDUSTRY, TRADE AND
TECHNOLOGY OF THE PROVINCE OF ONTARIO AND THE BOARD
OF DIRECTORS OF THE ONTARIO CENTRE FOR RESOURCE
MACHINERY TECHNOLOGY**

We have audited the balance sheet of Ontario Centre for Resource Machinery Technology as at March 31, 1992 and the statements of revenue and expenditure, equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in cursive script that reads "Coopers & Lybrand".

Chartered Accountants

Toronto, Ontario
May 1, 1992

Ontario Centre for Resource Machinery Technology

Balance Sheet as at March 31

	1992 \$	1991 \$
Assets		
Current Assets		
Cash and short-term deposits	34,216	205,938
Due from Ontario Development Corporation	110,048	64,144
Accrued interest receivable	0	5,435
	144,264	275,517
Loans (note 3)	129,066	181,249
	273,330	456,766

Liabilities and Equity

Current Liabilities		
Accounts payable and accrued liabilities	0	22,050
	273,330	434,716
Equity	273,330	456,766

APPROVED ON BEHALF OF THE BOARD

Michael Demosio

Director

E.R. Gault

Director

Ontario Centre for Resource Machinery Technology

Statement of Revenue and Expenditure

For the year ended March 31

	1992 \$	1991 \$
Revenue		
Investment income	13,614	30,042
Expenditure		
Administration	0	11,600
Excess of revenue over expenditure relating to operations	13,614	18,442
Provision for loss on investment	(25,000)	0
Gain on Sale of Investments	0	10,000
Excess of revenue over expenditure/ (expenditure over revenue) for the year	(11,386)	28,442

Ontario Centre for Resource Machinery Technology

Statement of Equity

For the year ended March 31, 1992

	1992 \$	1991 \$
Equity - Beginning of Year	434,716	406,274
Investment Activity		
Gain on sale of long-term investments	0	10,000
Less: Allowance for decline in value	(25,000)	0
Repayment of surplus funds to the Province not related to operations	(150,000)	0
Operations Contributing to Equity		
Excess of revenue over expenditure relating to operations	13,614	18,442
Equity - End of Year	273,330	434,716

Ontario Centre for Resource Machinery Technology

Statement of Changes in Financial Position

For the year ended March 31, 1992

	1992	1991
	\$	\$
Cash Provided by (Used for)		
Operations		
Excess of revenue over expenditure (expenditure over revenue) for the year	(11,386)	28,442
Refunds to Province of Ontario	(150,000)	0
Gain on sale of investments	0	(10,000)
Provision for decline in value of investments	25,000	0
(Decrease)/increase in accounts payable	(22,050)	3,615
Increase in other assets	(40,469)	(58,125)
	(198,905)	(36,068)

Investments and loans

Repayment of loans	27,183	28,125
Proceeds from sale of long-term investments	0	60,000
	27,183	88,125
(Decrease) Increase in Cash Position	(171,722)	52,057
Cash and Short-term Deposits at Beginning of Year	205,938	153,881
Cash and Short-term Deposits at End of Year	34,216	205,938

Ontario Centre for Resource Machinery Technology

Notes to Financial Statements

For the year ended March 31, 1992

1. Summary of Significant Accounting Policies

Loans and Investments

Loans and investments are valued at cost less an allowance for declines in value that are considered to be other than temporary. Income from loans and investments is recorded on the accrual basis. Any gains or losses on disposal and allowances for decline in the value of investments are recorded in the year in which they occur.

2. Operations

The Centre was established by the Government of the Province of Ontario pursuant to the provisions of the Technology Centres Act, 1982, to promote and enhance the application of current technology for a five year period expiring in 1987 (subsequently extended to December 31, 1994).

Consistent with the wishes of the provincial government, responsibility for the management of the portfolio of long-term investments and other assets of the Centre was transferred to the Ontario Development Corporation (ODC) effective December 31, 1989. These assets remain the property of the Centre. ODC has agreed to continue to provide to the Centre all of the administrative and financial resources necessary for the Centre to maintain its operations in order to liquidate its loans in an orderly manner.

Also, effective December 1989 all fixed assets were transferred to the Province of Ontario and were accounted for as a disposal at net book value.

ONTARIO CENTRE FOR RESOURCE MACHINERY TECHNOLOGY

Notes to Financial Statements
for the year ended March 31, 1992

3. Loans

Loans outstanding are as follows:

	1992	1991
Loans	\$429,067	\$456,250
Less allowance for decline in value	<u>300,001</u>	<u>275,001</u>
	<u>\$129,066</u>	<u>\$181,249</u>

The loans bear interest at rates ranging from 5% to 12% per annum.

4. Subsequent Event

Subsequent to year end, a loan account was repaid, reducing the loan balance by \$76,909.

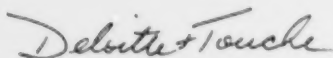
AUDITORS' REPORT

To the Shareholder of
Ontario Energy Corporation

We have audited the balance sheet of Ontario Energy Corporation as at December 31, 1991 and the statements of loss and deficit and of changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants

Toronto, Ontario
March 21, 1992

ONTARIO ENERGY CORPORATION
BALANCE SHEET
December 31, 1991
(in thousands)

	1991	1990
ASSETS		
CURRENT		
Cash and short-term investments	\$ 33,073	\$ 17,796
Accounts receivable and prepaid expenses	<u>87</u>	<u>259</u>
	33,160	18,055
INVESTMENT IN SUNCOR INC. (Note 2)	<u>249,238</u>	<u>300,407</u>
	<u>\$ 282,398</u>	<u>\$ 318,462</u>
LIABILITY		
CURRENT		
Accounts payable and accrued liabilities	\$ <u>58</u>	\$ <u>44</u>
SHAREHOLDER'S EQUITY		
Share capital (Note 3)	97,715	97,715
Contributed surplus	325,000	325,000
Deficit	<u>(140,375)</u>	<u>(104,297)</u>
	<u>282,340</u>	<u>318,418</u>
	<u>\$ 282,398</u>	<u>\$ 318,462</u>

APPROVED BY THE BOARD

George Dawes.....Director

W.D. Davis.....Director

ONTARIO ENERGY CORPORATION
 STATEMENT OF LOSS AND DEFICIT
 Year ended December 31, 1991
 (in thousands)

	<u>1991</u>	<u>1990</u>
REVENUE		
Interest	\$ 1,729	\$ 1,569
Other income	<u>53</u>	<u>135</u>
	1,782	1,704
EXPENSES - general and administrative	<u>964</u>	<u>403</u>
INCOME FROM OPERATIONS	818	1,301
WRITE-DOWN OF INVESTMENT IN SUNCOR INC. (Note 2)	(56,146)	
EQUITY IN NET EARNINGS OF SUNCOR INC. (Note 2)	<u>19,250</u>	<u>30,750</u>
NET (LOSS) INCOME FOR THE YEAR	(36,078)	32,051
DEFICIT, BEGINNING OF YEAR	<u>(104,297)</u>	<u>(136,348)</u>
DEFICIT, END OF YEAR	<u>\$ (140,375)</u>	<u>\$ (104,297)</u>

ONTARIO ENERGY CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
Year ended December 31, 1991
(in thousands)

	<u>1991</u>	<u>1990</u>
OPERATING ACTIVITIES		
Net (loss) income for the year	\$ (36,078)	\$ 32,051
Items not affecting cash flow		
Equity in net earnings of Suncor Inc.	(19,250)	(30,750)
Gain on disposal of investments	<u>-</u>	<u>(135)</u>
	(55,328)	1,166
Dividends received from Suncor Inc.	14,273	5,437
Write-down of investment in Suncor Inc.	56,146	-
Proceeds on disposal of investments	<u>-</u>	<u>135</u>
	15,091	6,738
Changes in operating working capital		
Accounts receivable and prepaid expenses	172	(209)
Accounts payable and accrued liabilities	<u>14</u>	<u>(2)</u>
Cash provided by operating activities	15,277	6,527
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	<u>17,796</u>	<u>11,269</u>
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	<u>\$ 33,073</u>	<u>\$ 17,796</u>

ONTARIO ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1991

1. DESCRIPTION OF BUSINESS

The Ontario Energy Corporation was established to invest in, or otherwise participate in, energy projects with a view to enhancing the availability of energy in Ontario. In recent years, the Corporation has followed a divestment mandate. During 1991, the future plans for the Corporation were being reviewed. In 1992 the Corporation will be proceeding to renew its operations with a focus on energy project joint ventures, energy management initiatives, business development and associated human development activities in Northern areas and in Ontario's Aboriginal community.

2. INVESTMENT IN SUNCOR INC.

Suncor Inc. is a Canadian integrated oil and gas company. The investment in 25% of the common shares of Suncor Inc. is accounted for using the equity method.

	<u>1991</u>	<u>1990</u>
	(in thousands)	
Balance, beginning of year	\$ 300,407	\$ 275,094
Equity in net earnings	19,250	30,750
Dividends received	(14,273)	(5,437)
Write-down of carrying value	<u>(56,146)</u>	<u>-</u>
Balance, end of year	<u>\$ 249,238</u>	<u>\$ 300,407</u>

As a result of a public offering of Suncor Inc. shares (see Note 5), the Corporation determined that its investment in Suncor Inc. had suffered a loss in value that was considered to be other than temporary in nature and, accordingly, the carrying value of this investment was written down by \$56,146,000 as at December 31, 1991.

Summarized financial information of Suncor Inc., as at December 31, 1991 and 1990, and for the years then ended is as follows:

	<u>1991</u>	<u>1990</u>
	(in millions)	
Working capital	<u>\$ 80</u>	<u>\$ 146</u>
Total assets	<u>\$ 2,238</u>	<u>\$ 2,259</u>
Shareholders' equity		
Preferred shares	\$ 6	\$ 6
Common shares	499	499
Retained earnings	<u>721</u>	<u>701</u>
	<u>\$ 1,226</u>	<u>\$ 1,206</u>
Revenue	<u>\$ 1,566</u>	<u>\$ 1,759</u>
Net earnings	<u>\$ 77</u>	<u>\$ 124</u>
Cash dividends on common shares	<u>\$ 57</u>	<u>\$ 21</u>

ONTARIO ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1991

3. SHARE CAPITAL

(in thousands)

Share capital - December 31, 1991 and 1990

Authorized

An unlimited number of common shares

20,000,000 non-voting special shares

Issued

2,000,000 common shares

\$100,000

Less

45,708 common shares held in Treasury, at cost

2,285\$ 97,715

4. INCOME TAXES

The Corporation is not subject to income tax provided that not less than 90% of the outstanding shares of the Corporation are held directly by the Province of Ontario. All of the Corporation's outstanding shares are presently held by the Province of Ontario.

5. SUBSEQUENT EVENTS

- (a) On January 16, 1992, the Corporation declared a dividend of \$14,273,000 which was paid to its sole shareholder on January 20, 1992.
- (b) On March 18, 1992, the Corporation's interest in Suncor Inc. was reduced from 25% to 14% of the issued common shares of Suncor Inc., on the closing of a public offering by Suncor Inc. of 10,000,000 common shares, 6,000,000 of which were previously held by the Corporation. The proceeds per common share were \$19.00 of which \$9.50 was received on closing and \$9.50 is receivable on March 18, 1993. Net proceeds to the Corporation of this disposal of 6,000,000 common shares of Suncor Inc. were \$52,621,944 for the first instalment after deducting commissions of \$4,378,056. The Corporation will also incur additional costs associated with the public offering of approximately \$2,000,000. Proceeds for the second instalment are expected to be \$57,000,000.

The dividend policy of Suncor Inc. is to pay quarterly dividends. The dividend for the first quarter of 1992, of \$0.26 (\$1.04 per annum) per common share, was paid to the shareholders of record immediately prior to the public offering.

- (c) On March 31, 1992, the Corporation declared and paid dividends of \$18,000,000 and \$50,000,000 to its sole shareholder.

Auditor's Report

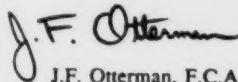
To the Ontario Housing Corporation
and to the Minister of Housing

I have audited the balance sheet of the Ontario Housing Corporation as at December 31, 1991 and the statement of operations for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991, and the results of its operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements.

Toronto, Ontario,
March 27, 1992.



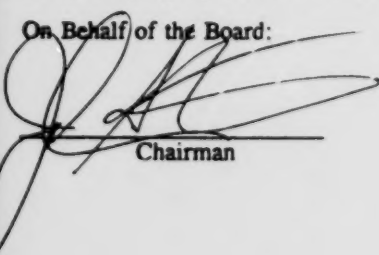
J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

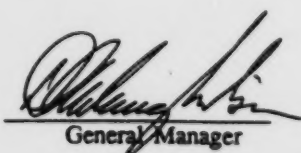
ONTARIO HOUSING CORPORATION
Balance Sheet
As at December 31, 1991

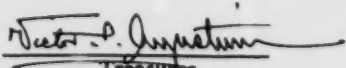
	1991 (\$000's)	1990 (\$000's)
ASSETS		
Investments in Properties (note 3)	1,255,569	1,268,214
Mortgages and Loans (note 4)	52,296	48,805
Amount due from Treasurer of Ontario	121,298	103,416
Accounts Receivable	<u>7,517</u>	<u>2,597</u>
	1,436,680	1,423,032
Non-Profit Housing Fund (note 5)	<u>1,327,900</u>	<u>1,282,110</u>
	<u>2,764,580</u>	<u>2,705,142</u>
LIABILITIES		
Long-Term Debt (note 6)	1,116,086	1,127,788
Accounts Payable and Accrued Liabilities (note 7)	109,977	90,203
Bank Indebtedness	<u>6,267</u>	<u>3,583</u>
	1,232,330	1,221,574
Non-Profit Housing Fund (note 5)	1,327,900	1,282,110
EQUITY		
Contributed Surplus (note 8)	<u>204,350</u>	<u>201,458</u>
	<u>2,764,580</u>	<u>2,705,142</u>

See accompanying notes to financial statements.

On Behalf of the Board:


 Chairman


 General Manager


 Treasurer

ONTARIO HOUSING CORPORATION
Statement of Operations
For the Year Ended December 31, 1991

	1991 (\$000's)	1990 (\$000's)
HOUSING OPERATIONS		
Assisted Housing (note 9)		
Rental Revenue	<u>262,727</u>	<u>251,669</u>
Expenses		
Property Operating Expenses	421,086	387,274
Grants in lieu of Municipal Taxes	109,901	104,010
Amortization (Principal and Interest)	<u>115,023</u>	<u>115,049</u>
	<u>646,010</u>	<u>606,333</u>
Loss on Assisted Housing	383,283	354,664
Rent Supplement (note 10)	<u>115,283</u>	<u>104,553</u>
	498,566	459,217
Less: Canada Mortgage and Housing Corporation share	<u>243,406</u>	<u>225,546</u>
	255,160	233,671
Provincial Contributions to Municipal Housing (note 11)	22,131	21,931
Rural and Native Housing (note 12)	5,914	4,544
Recovery of Amortization (Principal and Interest)	<u>(19,278)</u>	<u>(17,862)</u>
PROVINCIAL SHARE OF LOSS ON HOUSING OPERATIONS	<u>263,927</u>	<u>242,284</u>
FUNDS PROVIDED BY THE TREASURER OF ONTARIO	<u>263,927</u>	<u>242,284</u>

See accompanying notes to financial statements.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES

The following summarizes the significant accounting policies used in preparing the accompanying financial statements:

- i) The Corporation uses the accrual method of accounting.
- ii) Capital funds provided by the Treasurer of Ontario are not repayable and are therefore recorded as Contributed Surplus. However, to reflect the full costs of operating the projects, relevant amortization charges (principal and interest) are imputed and included in Loss on Assisted Housing. Such amortization is offset by a credit to Recovery of Amortization in the Statement of Operations.
- iii) Land and buildings held as investments in Provincial and Federal-Provincial properties are amortized on a basis equal to the reduction of the corresponding long-term debt. For the provincial portion of such investments, the reduction is made to Contributed Surplus.
- iv) Furniture and equipment purchases are expensed in the year of acquisition.

2. SELF-INSURANCE

The Corporation follows the policy of self-insuring its Provincial and Federal-Provincial properties for damages such as fire, water and vandalism. Costs of such repairs are charged to property operating expenses.

3. INVESTMENT IN PROPERTIES

The Corporation's investment in properties is as follows:

	1991 (\$000's)	1990 (\$000's)
(a) Provincial Housing	1,175,698	1,187,900
(b) Federal-Provincial Housing	14,781	15,140
(c) Student Housing on Leased Land	59,753	60,388
(d) Other	<u>5,337</u>	<u>4,786</u>
	<u>1,255,569</u>	<u>1,268,214</u>

ONTARIO HOUSING CORPORATION
Notes to Financial Statements
December 31, 1991

3. INVESTMENT IN PROPERTIES (Cont'd)

(a) Provincial Housing

This investment represents land and building costs of wholly-owned properties which are amortized over periods not exceeding 50 years.

	1991 (\$000's)	1990 (\$000's)
Cost	1,319,239	1,319,383
Less: Accumulated Amortization	<u>143,541</u>	<u>131,483</u>
Net Book Value	<u>1,175,698</u>	<u>1,187,900</u>

(b) Federal-Provincial Housing

Federal-Provincial properties are owned and operated on a partnership basis with Canada Mortgage and Housing Corporation. The balance represents the Corporation's share of land and building costs which are amortized over periods not exceeding 50 years.

	1991 (\$000's)	1990 (\$000's)
Cost	20,753	20,753
Less: Accumulated Amortization	<u>5,972</u>	<u>5,613</u>
Net Book Value	<u>14,781</u>	<u>15,140</u>

(c) Student Housing on Leased Land

This investment represents building costs to provide student accommodation on land leased from 11 universities and colleges. These costs are being repaid semi-annually to the Corporation by the educational institutions over a 50 year period. When costs are fully repaid, titles to the properties will be transferred to the respective institutions. The institutions retain the rental revenues and absorb the property operating expenses.

ONTARIO HOUSING CORPORATION
Notes to Financial Statements
December 31, 1991

3. INVESTMENT IN PROPERTIES (cont'd)

	1991 (\$000's)	1990 (\$000's)
Cost	67,873	67,873
Less: Educational Institutions' Equity	<u>8,120</u>	<u>7,485</u>
Net Book Value	<u>59,753</u>	<u>60,388</u>

(d) Other

	1991 (\$000's)	1990 (\$000's)
Leased Land, at cost	2,308	2,308
Projects Under Development, at cost	1,354	688
Land Inventory, lower of cost or estimated market value	<u>1,675</u>	<u>1,790</u>
	<u>5,337</u>	<u>4,786</u>

4. MORTGAGES AND LOANS

	1991 (\$000's)	1990 (\$000's)
Rural and Native Housing Program (See note 12)	49,149	45,624
Other	<u>3,147</u>	<u>3,181</u>
	<u>52,296</u>	<u>48,805</u>

5. NON-PROFIT HOUSING FUND

The Corporation was authorized by the Province to borrow long-term funds from the Canada Pension Plan Investment Fund ("CPP") in an amount not to exceed \$3.3 billion over a period of 5 years by issuance of debentures. The Province has subsequently limited the Corporation's CPP borrowings to \$1.6 billion. The funds borrowed are lent to non-profit housing corporations and universities and colleges to build, acquire or lease housing units under the HOMES NOW and Student Residences Programs. Any funds received but not disbursed are invested in short-term fixed income and marketable securities.

ONTARIO HOUSING CORPORATION
Notes to Financial Statements
December 31, 1991

5. NON-PROFIT HOUSING FUND (cont'd)

As at December 31, 1991, the Fund consisted of:

	1991 (\$000's)	1990 (\$000's)
<u>Assets</u>		
Short Term Investments	21,956	688,308
Advances and Mortgages		
Non-Profit Housing Corporations	1,174,802	502,310
Universities and Colleges	121,968	87,575
Mortgage Interest Receivable	<u>9,174</u>	<u>3,917</u>
	<u>1,327,900</u>	<u>1,282,110</u>
<u>Liabilities and Fund Balance</u>		
Canada Pension Plan Investment		
Fund (CPP) Debentures	1,292,440	1,230,440
Interest Payable	31,602	31,183
Fund Balance	<u>3,858</u>	<u>20,487</u>
	<u>1,327,900</u>	<u>1,282,110</u>

The CPP borrowings are repayable 20 years from the date of issuance of the debentures. Interest is payable semi-annually at various rates based on individual debentures ranging from 9.15% to 11.33% - weighted average rate of 10.30%.

Mortgages to non-profit housing corporations and universities and colleges are repayable over a period not in excess of 20 years. Interest is calculated semi-annually at various rates ranging from 9.26% to 11.04% - weighted average rate of 10.30%. Individual mortgage rates are equal to the weighted average rate payable on CPP borrowings not yet disbursed in the month the mortgages are issued.

Details of the transactions related to the Fund Balance are as follows:-

	1991 (\$000's)	1990 (\$000's)
Balance - Beginning of Year	20,487	2,281
Interest Earned	139,360	106,759
Interest Expense	(130,494)	(88,081)
Fiscal Agent Fees and		
Other Expenses	(495)	(472)
Transfer to Treasurer of Ontario	<u>(25,000)</u>	<u>-</u>
Balance - End of Year	<u>3,858</u>	<u>20,487</u>

ONTARIO HOUSING CORPORATION
Notes to Financial Statements
December 31, 1991

6. LONG-TERM DEBT

	1991 (\$000's)	1990 (\$000's)
Canada Mortgage and Housing Corporation	1,096,443	1,107,970
Other	<u>19,643</u>	<u>19,818</u>
	<u>1,116,086</u>	<u>1,127,788</u>

The Corporation borrows funds from Canada Mortgage and Housing Corporation and the private sector to finance investments in real property. Such borrowings are repaid in accordance with agreement terms over periods not in excess of 50 years.

Interest is payable at various rates based on individual agreements ranging from 4.25% to 14.65% - weighted average rate of 8.21%.

While the Corporation is indebted for capital funds borrowed in respect of investment in Provincial housing projects, the amortization charges (principal and interest) over the life of the projects are considered operating expenses under the cost sharing agreement with Canada Mortgage and Housing Corporation. Under this agreement, Canada Mortgage and Housing Corporation contributes 50% of the amortization charges (principal and interest) and the Corporation absorbs the remaining 50%.

Principal repayments on the long-term debt are as follows:

	(\$000's)
1992	12,396
1993	13,292
1994	14,286
1995	15,358
1996	16,513
Subsequent to 1996	<u>1,044,241</u>
	<u>1,116,086</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1991 (\$000's)	1990 (\$000's)
Canada Mortgage and Housing Corporation	39,399	35,954
Other	<u>70,578</u>	<u>54,249</u>
	<u>109,977</u>	<u>90,203</u>

ONTARIO HOUSING CORPORATION
Notes to Financial Statements
December 31, 1991

8. CONTRIBUTED SURPLUS

	1991 (\$000's)	1990 (\$000's)
Balance - Beginning of Year	201,458	196,494
Capital Contributions received from from Province	5,109	6,440
Capital Recoveries	<u>(2,217)</u>	<u>(1,476)</u>
Balance - End of year	<u>204,350</u>	<u>201,458</u>

9. ASSISTED HOUSING

Under the assisted housing program, the Corporation owns (either wholly or in partnership with Canada Mortgage and Housing Corporation) rental properties and provides rent-geared-to-income accommodation to households in need. The management of the properties is carried out through a network of local housing authorities who act as agents of the Corporation. The loss on this program is shared with Canada Mortgage and Housing Corporation.

10. RENT SUPPLEMENT

Under the rent supplement programs, the Corporation acquires the use of rental units from the private sector and then provides rent-geared-to-income accommodation to households in need. The Corporation subsidizes the difference between the rent guaranteed to the landlord and the tenant portion of the rent. The costs for most of these programs are shared with Canada Mortgage and Housing Corporation.

11. PROVINCIAL CONTRIBUTIONS TO MUNICIPAL HOUSING

The Corporation contributed \$22.1 million (1990 - \$21.9 million) to the Metropolitan Toronto Housing Company Limited towards operating costs for senior citizen apartment units.

12. RURAL AND NATIVE HOUSING

This program, administered by Canada Mortgage and Housing Corporation, provides subsidies for both home ownership and rental accommodation to families in rural areas. Mortgage and rental payments are geared to owners' income. The expense represents the Corporation's share of the subsidy provided.

ONTARIO HOUSING CORPORATION
Notes to Financial Statements
December 31, 1991

13. PENSION PLAN

The Corporation provides pension benefits for substantially all permanent crown employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$8.1 million (1990 - \$7.2 million) and is included in Housing Operations - Assisted Housing and Rent Supplement expenditures in the Statement of Operations. This amount includes current contributions of \$6.0 million (1990 - \$5.2 million) and additional payments of \$2.1 million (1990 - \$2.0 million) required to cover the Corporation's share of the Fund's estimated unfunded liabilities as at January 1, 1990. These additional payments will continue over the next 38 years.

14. ADMINISTRATIVE SUPPORT SERVICES

The Ministry of Housing provides administrative support services to the Corporation. The charge for these services is based on the estimated time spent by Ministry staff on the Corporation's activities. The administrative support services charge included in Housing Operations - Assisted Housing and Rent Supplement expenditures amounted to \$21.9 million (1990 - \$20.8 million).

15. LOAN GUARANTEE AGREEMENTS

	1991 (\$000's)	1990 (\$000's)
(a) Land Loan Guarantees	60,039	61,588
(b) Development Assistance for Social Housing ("DASH") Loan Guarantee Program	<u>6,923</u>	<u> </u>
	<u>66,962</u>	<u>61,588</u>

- (a) The Corporation has entered into land loan guarantee agreements with lenders approved under the National Housing Act to assist non-profit housing corporations to acquire land for the development of Social Housing projects. The Province of Ontario authorized the Corporation to enter into these loan guarantee agreements with the condition that the aggregate of all guarantees outstanding at any time not exceed \$100 million. As at December 31, 1991, the Corporation was committed to land loan guarantees totalling \$60.0 million (1990: \$61.6 million).

ONTARIO HOUSING CORPORATION
Notes to Financial Statements
December 31, 1991

15. LOAN GUARANTEE AGREEMENTS (cont'd)

- (b) In July 1991, the Corporation introduced the DASH Loan Guarantee Program to assist non-profit housing corporations to obtain funding for the development of non-profit housing. DASH loans provided by private lenders under this program are guaranteed by the Corporation for a period of two years. The aggregate of all guarantees outstanding at any time is limited to \$80 million. As at December 31, 1991, the Corporation was committed to DASH loan guarantees totalling \$6.9 million.

16. LOAN INSURANCE AGREEMENTS

The Corporation has entered into loan insurance agreements with Canada Mortgage and Housing Corporation ("CMHC") pertaining to various projects under the Non-Profit Housing Program administered by the Ministry of Housing. Under these agreements, CMHC will provide insurance on mortgage loans made by lenders approved under the National Housing Act for the purpose of purchasing, improving, constructing or altering housing units. While the insurance is provided by CMHC, the Corporation is liable to CMHC for its share of all net costs incurred as a result of loan defaults.

ONTARIO HYDRO

MANAGEMENT REPORT AND AUDITORS' REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Ontario Hydro are the responsibility of management and have been prepared in accordance with accounting principles generally accepted in Canada, applied on a basis consistent with that of the preceding year. The significant accounting policies followed by Ontario Hydro are described in the Summary of Significant Accounting Policies. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to March 9, 1992. The information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit Committee of the Board of Directors.

The financial statements have been examined by Ernst & Young, independent external auditors appointed by the Lieutenant-Governor-in-Council of Ontario. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditors' Report, which appears below, outlines the scope of their examination and their opinion.

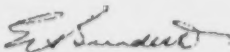
The Board of Directors, through the Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Audit Committee meets periodically with management, the internal auditors and the external auditors to satisfy itself that each group has properly discharged its respective responsibility, and to review the financial statements before recommending approval by the Board of Directors. The external auditors have direct and full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Ontario Hydro's financial reporting and the effectiveness of the system of internal controls.

On behalf of Management,



Chair

Toronto, Canada,
March 9, 1992



Senior Vice-President, Finance

AUDITORS' REPORT

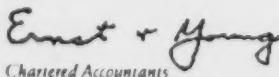
To the Board of Directors of Ontario Hydro:

We have audited the statement of financial position of Ontario Hydro as at December 31, 1991 and the statements of operations, accumulated debt retirement appropriations, reserve for stabilization of rates and contingencies and source of cash used for investment in fixed assets for the year then ended. These financial statements are the responsibility of Ontario Hydro's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Ontario Hydro as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada,
March 9, 1992



Ernst & Young
Chartered Accountants

ONTARIO HYDRO
FINANCIAL STATEMENTS
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Canada, applied on a basis consistent with that of the preceding year. The significant accounting policies followed by Ontario Hydro are described below.

Rate setting

Ontario Hydro has broad powers to generate, supply and deliver electric power throughout the Province of Ontario. The Corporation operates under the Power Corporation Act and is subject to provisions of the Ontario Energy Board Act.

Under the provisions of the Power Corporation Act, the price payable by municipal corporations is the cost of operating and maintaining the system, depreciation, interest, and the amounts appropriated for debt retirement and stabilization of rates and contingencies. The debt retirement appropriation is the amount required under the Act to accumulate on a sinking fund basis over 40 years a sum equal to the debt incurred for the cost of the fixed assets in service. The appropriation for, or withdrawal from, the stabilization of rates and contingencies reserve is an amount established to maintain a sound financial position and to stabilize the effect of cost fluctuations.

Under the provisions of the Ontario Energy Board Act, a public hearing before the Ontario Energy Board is required to review any changes in electricity rates proposed by Ontario Hydro which affect its municipal utilities, direct industrial customers, or, if the Minister of Energy so directs, rural retail customers. The Ontario Energy Board then submits its recommendations to the Minister of Energy. After considering the recommendations of the Ontario Energy Board, Ontario Hydro's Board of Directors, under the authority of the Power Corporation Act, establishes the electricity rates to be charged to customers.

If the Board of Directors specifies an amount related to a certain transaction be included in future electricity rates that, in accordance with the accounting policies summarized below, would be charged or credited to operations in the current year, then this amount is deferred and amortized to future operations on a basis consistent with its inclusion in rates.

Fixed assets

Fixed assets in service include operating facilities and non-operating reserve facilities. Construction in progress includes fixed assets under construction and heavy water held for use in nuclear generating stations under construction.

Fixed assets are capitalized at cost which comprises material, labour, engineering costs, overheads, depreciation on service equipment, interest applicable to capital construction activities, and for new facilities, the costs of training initial operating staff. In the case of generating facilities, the cost also includes the net cost of commissioning which comprises the cost of start-up less the value attributed to energy produced by generation facilities during their commissioning period. For multi-unit facilities, a proportionate share of the cost of common facilities is placed in service with each major operating unit. The cost of heavy water comprises the direct cost of production and applicable overheads, as well as interest and depreciation on the heavy water production facilities and the estimated removal costs of these facilities. Leases which transfer the benefits and risks of ownership of assets to Ontario Hydro are capitalized.

Interest is capitalized on construction in progress at rates (1991: 10.8 per cent, 1990: 10.8 per cent) which approximate the average cost of long-term funds borrowed in the years in which expenditures have been made for fixed assets under construction. If the construction period of a project is extended and the construction activities are continued, interest is capitalized during the period of extension provided that the project has a reasonable expectation of being completed.

If a project is cancelled or deferred indefinitely with a low probability of resuming construction, all costs, including the costs of cancellation, are written off to operations.

If fixed assets are removed from operations and mothballed for future use, termed non-operating reserve facilities, the costs of mothballing are charged to operations.

Depreciation

The capital costs of fixed assets in service are depreciated on a straight-line basis. Depreciation rates for the various classes of assets are based on their estimated service lives. Major components of fossil and nuclear generating stations are depreciated over the lesser of the service life expectancy of the major components or the remaining service life of the associated generating station; for hydroelectric generating stations, major components are depreciated over the service life expectancy of the component, ranging from 15 to 100 years. The estimated service lives of assets in the major classes are:

ONTARIO HYDRO

Generating stations – fossil	40 years
– nuclear	40 years
Heavy water	over the period ending in the year 2040
Transmission and distribution facilities	15 to 60 years
Heavy water production facilities	20 years
Administration and service facilities	5 to 65 years

In accordance with group depreciation practices, for normal retirements the cost of fixed assets retired is charged to accumulated depreciation with no gain or loss reflected in operations. However, gains and losses on sales of fixed assets and losses on premature retirements are charged to operations in the year incurred as adjustments to depreciation expense.

When the costs of removal less residual value, termed removal costs, on retirements of fixed assets can reasonably be estimated and are significant, provisions for these costs, except for those related to heavy water production facilities, are charged to depreciation expense on an annuity basis over the remaining service life of the related fixed assets. For heavy water production facilities, provisions for removal costs are charged to heavy water production costs on a straight-line basis over the remaining service life of the related facilities. Removal costs that are provided for include the estimated costs of decommissioning nuclear and fossil stations and heavy water production facilities, and the estimated costs of removing certain nuclear reactor fuel channels. Other removal costs are charged to depreciation expense as incurred.

The estimated service lives of fixed assets and the significant assumptions underlying the estimates of fixed asset removal costs are subject to periodic review. Any changes arising out of such a review are implemented on a remaining service life basis from the year the changes can first be reflected in electricity prices.

Non-operating reserve facilities are amortized so that any estimated loss in value is charged to depreciation expense on a straight-line basis over their expected non-operating period.

Unamortized advances for fuel supplies

In prior years, Ontario Hydro made advances under long-term fuel supply contracts for pre-production costs to suppliers in advance of the fuel delivery. These payments and associated costs, including interest, are carried in the accounts as unamortized advances for fuel supplies to the extent that the advances will be offset by future fuel deliveries. The advances are amortized to fuel inventory as the fuel is delivered.

Fuel for electric generation

Fuel used for electric generation comprises the average inventory costs of fuel consumed, the value attributed to commissioning energy produced, and provisions for disposal of nuclear fuel irradiated during the period. The inventory cost of fuel consumed comprises fuel purchases, transportation and handling costs, and the amortization of advances for fuel supplies. Transportation costs include charges for interest and depreciation on railway equipment owned by Ontario Hydro. The value attributed to commissioning energy produced during the period represents the incremental operating and fuel costs of producing the same quantity of energy at generating units displaced because of the commissioning activity. The costs for disposal of nuclear fuel irradiated in each period are charged to operations based on estimated future expenditures and interest accumulating to the estimated date of disposal. Estimates of expenditures, interest and escalation rates, and the date of disposal are subject to periodic review. Adjustments resulting from changes in estimates are charged to operations on an annuity basis over the period from the year the changes can first be reflected in electricity prices to the estimated in-service date of the disposal facility.

Foreign currency translation

Current monetary assets and liabilities in foreign currencies are translated to Canadian currency at yearend rates of exchange and the resultant exchange gains or losses are credited or charged to operations. Long-term debt payable in foreign currencies is translated to Canadian currency at yearend rates of exchange. Resulting unrealized exchange gains or losses are deferred and included in unamortized debt costs, and are amortized to operations on an annuity basis over the remaining life of the related debt.

Foreign exchange gains or losses on hedges of long-term debt payable in foreign currencies are deferred and included in unamortized debt costs. The deferred gains or losses on hedges are amortized to operations in the periods the hedges provide benefit.

ONTARIO HYDRO

Foreign exchange gains or losses on early redemption of long-term debt are deferred and included in unamortized debt costs if the exposure in the foreign currency related to the redeemed debt is not reduced as a result of the refinancing of the redeemed debt in the same currency. These deferred gains or losses are amortized on an annuity basis over the period to the original maturity date of the redeemed debt. If the foreign currency exposure is reduced as a result of the early redemption of debt, the resulting foreign exchange gains or losses related to the redeemed debt are credited or charged to operations.

Unamortized debt costs

Unamortized debt costs include the unamortized amounts related to unrealized foreign exchange gains or losses resulting from the translation of foreign currency long-term debt, foreign exchange gains or losses on hedges, foreign exchange gains or losses on the early redemption of long-term debt, discounts or premiums arising from the issuance of debt or the acquisition of debt prior to maturity; and discounts or premiums accrued on foreign currency hedges.

Debt discounts or premiums arising from the issuance of debt are amortized over the period to maturity of the debt. Discounts or premiums on debt acquired prior to the date of maturity are amortized over the period from the acquisition date to the original maturity date of the debt. Discounts or premiums on foreign currency hedges related to principal and interest payments are credited or charged to operations over the terms of the individual hedges.

Demand management

Demand management activities undertaken by Ontario Hydro encourage customers to conserve or use electricity more efficiently. Demand management costs that have reasonably assured and specifically identifiable future benefits to Ontario Hydro are deferred and amortized to operations on a straight-line basis over the periods that benefit. Otherwise, the costs are charged to operations as incurred. The benefit periods of deferred demand management costs are subject to periodic review. Any changes arising out of such a review are implemented on a remaining benefit period basis from the year the changes can first be reflected in electricity prices.

Nuclear agreement-payback

Ontario Hydro, Atomic Energy of Canada Limited and the Province of Ontario are parties to a joint undertaking for the construction and operation of Units 1 and 2 of Pickering nuclear generating station, with ownership of these units being vested in Ontario Hydro. Contributions to the capital cost by Atomic Energy of Canada Limited and the Province of Ontario amounted to \$258 million and these have been deducted in arriving at the value of fixed assets in service in respect of Pickering Units 1 and 2. Ontario Hydro is required to make monthly payments, termed "payback", until the year 2003 to each of the parties in proportion to their capital contributions. Payback, in a broad sense, represents the net operational advantage of having the power generated by Pickering Units 1 and 2, compared with power generated by coal-fired units similar to Lambton Units 1 and 2.

During the 1983 through 1988 shutdown period for replacement of pressure tubes in Pickering Units 1 and 2, the payback calculations resulted in negative payback amounts. These amounts have been credited against the cost of operations over the shutdown period and the accumulated amounts, plus interest, are included in the accounts as long-term accounts receivable. With the return to operation of the last of the two units, the accumulated negative payback amounts, plus interest, are being offset against positive payback amounts payable over the remaining term of the Agreement to Atomic Energy of Canada Limited and to the Province of Ontario.

Pension plan

The pension plan is a contributory, defined benefit plan covering all regular employees of Ontario Hydro. Pension costs for accounting purposes are actuarially determined based on the assumptions that reflect management's best estimate of the effect of future events on the actuarial present value of accrued pension benefits, and the valuation of pension plan assets using a five-year market value average. Pension plan surpluses and deficiencies are amortized on an annuity basis over the expected average remaining period of service of the employees covered by Ontario Hydro's pension plan.

Research and development

Research and development costs are charged to operations in the year incurred, except for those related directly to the design or construction of a specific capital facility which are capitalized as part of the facility.

ONTARIO HYDRO
STATEMENT OF OPERATIONS

for the year ended December 31, 1991

	1991	1990
<i>millions of dollars</i>		
Revenues		
Primary power and energy		
Municipal utilities	4,873	4,373
Rural retail customers	1,397	1,297
Direct industrial customers	811	792
	7,081	6,462
Secondary power and energy (note 1)	62	22
	7,143	6,484
Costs		
Operation, maintenance and administration	2,037	1,927
Fuel used for electric generation	1,128	1,035
Power purchased	151	477
Nuclear agreement - payback	(6)	(15)
Provincial government levies (note 2)	252	235
Depreciation (note 3)	1,136	908
	4,698	4,567
Income before financing charges	2,445	1,917
Financing charges		
Interest (note 4)	2,234	1,803
Foreign exchange	7	(15)
	2,241	1,788
Net income	204	129
Appropriation for (withdrawal from):		
Debt retirement	416	374
Stabilization of rates and contingencies	(212)	(245)
	204	129

See accompanying summary of significant accounting policies and notes to financial statements

ONTARIO HYDRO

STATEMENT OF FINANCIAL POSITION

as at December 31, 1991

	1991	1990
<i>millions of dollars</i>		
ASSETS		
Fixed assets (note 5)		
Fixed assets in service	34,369	32,497
Less accumulated depreciation	8,744	7,823
	25,625	24,674
Construction in progress	12,545	10,465
	38,170	35,139
Current assets		
Accounts receivable	919	751
Fuel for electric generation (note 6)	1,342	1,352
Materials and supplies, at cost	402	398
	2,663	2,501
Other assets		
Unamortized debt costs	252	248
Unamortized advances for fuel supplies (note 7)	81	709
Unamortized deferred costs (note 8)	858	227
Deferred pension costs	515	-
Unamortized deferred demand management costs	94	9
Long-term accounts receivable and other assets	611	540
	2,411	1,733
	43,244	39,373

See accompanying summary of significant accounting policies and notes to financial statements

ONTARIO HYDRO

	1991	1990
<i>millions of dollars</i>		
LIABILITIES		
Long-term debt (note 9)	30,097	27,701
Current liabilities		
Bank indebtedness (note 10)	641	622
Accounts payable and accrued charges	876	727
Short-term notes payable	94	108
Accrued interest	942	768
Long-term debt payable within one year	2,063	1,677
	4,616	3,902
Other liabilities		
Long-term accounts payable and accrued charges	571	230
Accrued fixed asset removal and irradiated fuel disposal costs (note 11)	1,341	1,124
	1,912	1,354
CONTINGENCIES (note 7)		
EQUITY		
Accumulated debt retirement appropriations	4,716	4,301
Reserve for stabilization of rates and contingencies	1,776	1,988
Contributions from the Province of Ontario as assistance for rural construction	127	127
	6,619	6,416
	43,244	39,373

On behalf of the Board,

M. Elie

Chair

R. K. K. K.

President

Toronto, Canada,
March 9, 1992

ONTARIO HYDRO

STATEMENT OF ACCUMULATED DEBT RETIREMENT APPROPRIATIONS

for the year ended December 31, 1991

	1991			1990
	Municipal Utilities	Power District (Rural Retail and Direct Industrial Customers)	Total	Total
<i>millions of dollars</i>				
Balances at beginning of year	2,974	1,327	4,301	3,927
Appropriation	288	128	416	374
Transfers and refunds on annexations by municipal utilities	14	(15)	(1)	-
Balances at end of year	3,276	1,440	4,716	4,301

STATEMENT OF RESERVE FOR STABILIZATION OF RATES AND CONTINGENCIES

for the year ended December 31, 1991

	1991				1990
	Held for the benefit of all customers	Held for the benefit of certain groups of customers			Total
	Municipal Utilities	Rural Retail Customers	Direct Industrial Customers	Total	Total
<i>millions of dollars</i>					
Balances at beginning of year	1,967	1	14	6	1,988
Appropriation (withdrawal)	(209)	-	-	(3)	(245)
Balances at end of year	1,758	1	14	3	1,776

See accompanying summary of significant accounting policies and notes to financial statements

ONTARIO HYDRO

STATEMENT OF SOURCE OF CASH USED FOR INVESTMENT IN FIXED ASSETS

for the year ended December 31, 1991

	1991	1990
<i>millions of dollars</i>		
Cash provided from operations (note 12)	1,381	754
Cash provided from financing		
Long-term debt issued	5,787	4,148
Long-term debt retired	(3,044)	(1,633)
	2,743	2,515
Changes in cash and cash equivalents		
Bank indebtedness - increase	19	266
Short-term notes payable - (decrease) increase	(14)	108
	5	374
Cash provided from financing	2,748	2,889
Cash provided from operations and financing	4,129	3,643
Cash used for financing other assets	(773)	(51)
Cash used for investment in fixed assets (note 12)	3,356	3,592

See accompanying summary of significant accounting policies and notes to financial statements

ONTARIO HYDRO

NOTES TO FINANCIAL STATEMENTS

1. SECONDARY POWER AND ENERGY

Secondary power and energy revenues include \$60 million (1990: \$20 million) from sales of electricity to United States utilities.

2. PROVINCIAL GOVERNMENT LEVIES

	1991	1990
<i>millions of dollars</i>		
Provincial water rentals	105	102
Provincial debt guarantee fee	147	133
	252	235

Provincial government levies are the amounts charged by the Ontario Provincial Government for the debt guarantee fee and water rentals.

Provincial water rentals

Provincial water rentals are the amounts paid to the Province of Ontario for the use of water for hydroelectric generation.

Provincial debt guarantee fee

The Province of Ontario has legislated that Ontario Hydro pay to the Province an annual debt guarantee fee of one half of one per cent on the total debt guaranteed by the Province outstanding as of the preceding December 31.

3. DEPRECIATION

	1991	1990
<i>millions of dollars</i>		
Depreciation of fixed assets in service	991	858
Amortization of deferred costs	39	39
Fixed asset removal costs	140	87
Other removal costs	84	38
	1,254	1,022
Less:		
Depreciation charged to: construction in progress	68	59
heavy water production	50	50
fuel for electric generation	2	2
Other	(2)	3
	118	114
	1,136	908

ONTARIO HYDRO

4. INTEREST

millions of dollars

	1991	1990
Interest on bonds, notes, and other debt	3,462	3,096
Interest on accrued fixed asset removal and irradiated fuel disposal costs	121	108
	3,583	3,204
Less:		
Interest charged to - construction in progress	1,093	1,169
- heavy water production	62	71
- fuel for electric generation	38	78
Interest earned on investments	156	83
	1,349	1,401
	2,234	1,803

5. FIXED ASSETS

millions of dollars

	1991		
	Assets in Service	Accumulated Depreciation	Construction in Progress
Generating stations - hydroelectric	2,172	714	473
- fossil	3,972	1,705	664
- nuclear	14,184	2,561	8,935
Heavy water	2,909	391	1,453
Transmission and distribution	8,192	1,979	895
Heavy water production facilities	1,129	603	-
Administration and service facilities	1,811	791	125
	34,369	8,744	12,545

millions of dollars

	1990		
	Assets in Service	Accumulated Depreciation	Construction in Progress
Generating stations - hydroelectric	1,972	689	81
- fossil	3,992	1,630	527
- nuclear	13,545	2,118	7,718
Heavy water	2,907	340	1,181
Transmission and distribution	7,349	1,797	839
Heavy water production facilities	1,129	551	-
Administration and service facilities	1,603	698	119
	32,497	7,823	10,465

ONTARIO HYDRO

5. FIXED ASSETS *continued*

A major portion of the construction in progress as at December 31, 1991 relates to the construction program for the Darlington nuclear generating station. The cost of construction in progress associated with this program, including heavy water, amounted to \$9,482 million as at December 31, 1991 (1990: \$8,268 million).

Darlington Unit 2 was declared in-service for commercial operation in October 1990. In December 1990, investigation into a refuelling problem in this unit revealed damage to some fuel bundles. As a consequence, the unit was shut down in January 1991 for more detailed inspection and investigation of the problem. Although the investigation is not yet complete, Unit 2 is expected to be restarted in the second half of 1992. Unit 1 was being commissioned when it was shut down in March 1991 in order to carry out planned tests and inspection for potential fuel bundle damage. Unit 1 was restarted in December 1991 and reached full power in January 1992 before being shut down for further tests and inspection. Units 1 and 3 are forecast to be declared in-service in the second half of 1992. Unit 4 is planned to be placed in-service in 1993. When completed, the Darlington nuclear generating station will provide a total of 3,524 megawatts of dependable capacity. The estimated cost to complete the Darlington construction program is \$1,149 million, including cost escalation and interest of approximately \$754 million. Because of the uncertainties associated with long construction lead times and planned in-service dates, the estimated cost to complete the station is subject to change.

6. FUEL FOR ELECTRIC GENERATION

	1991	1990
<i>millions of dollars</i>		
Inventories - uranium	773	733
coal	483	518
oil	86	101
	1,342	1,352

7. UNAMORTIZED ADVANCES FOR FUEL SUPPLIES

	1991	1990
<i>millions of dollars</i>		
Uranium - Rio Algom Limited	68	399
- Denison Mines Limited	13	310
	81	709

In prior years, Ontario Hydro entered into long-term contracts with Rio Algom Limited (Rio Algom) and Denison Mines Limited (Denison) for uranium supplies.

Rio Algom Limited: In June 1991, Ontario Hydro and Rio Algom agreed to amend the long-term uranium supply contract (Rio Algom Contract). The amendments include lowering the prices for deliveries of uranium concentrates over the period 1991 through 1996. In addition, Ontario Hydro and Rio Algom agreed to terminate the Rio Algom Contract effective December 31, 1996. At the expiration of the Rio Algom Contract, Rio Algom is not required to refund any outstanding advances that Ontario Hydro has made for pre-production costs and Ontario Hydro is required to pay for mine related termination costs, including mine shutdown. Ontario Hydro will make contributions totalling \$65 million over the period 1991 through 1993, for use in carrying out the Ontario government's Elliot Lake Region Economic Development Program (Elliot Lake Program). The outstanding advances and associated costs at the expiration of the Rio Algom Contract,

ONTARIO HYDRO

7. UNAMORTIZED ADVANCES FOR FUEL SUPPLIES *continued*

the estimated mine-related termination costs and the contributions to the Elliot Lake Program are estimated to total \$448 million. This amount will not be charged directly to operations in 1991, since the Board of Directors, under its rate setting authority, determined that this amount will be deferred and amortized for recovery through future electricity rates on a straight-line basis over the period 1994 through 2003 (see note 8).

Denison Mines Limited: In April 1991, Ontario Hydro notified Denison, pursuant to the provisions in the contract, that the long-term uranium supply contract (Denison Contract) will be terminated effective January 1, 1993. On termination of the Denison Contract, Denison is not required to refund any outstanding advances that Ontario Hydro has made for pre-production costs. The outstanding advances and associated costs at the effective date of cancellation of the Denison Contract are estimated to be \$269 million. This amount will not be charged directly to operations in 1991, since the Board of Directors, under its rate setting authority, determined that this amount will be deferred and amortized for recovery through electricity rates on a straight-line basis over the period 1992, the first year such cost can be reflected in rates, through 2001 (see note 8).

In November 1991, Denison submitted to Ontario Hydro a statement containing its proposed estimated price to be billed to Ontario Hydro for uranium deliveries in 1992. The statement included a significant additional amount for depreciation and other costs, which Denison claims result from a revision to the estimated life of its Elliot Lake uranium mine as a consequence of the contract termination by Ontario Hydro and Denison's decision to close the mine. Ontario Hydro informed Denison that its statement did not represent compliance by Denison with its obligations to deliver a valid estimate of the cost of production of a pound of uranium concentrates for 1992. The position being asserted by Denison would result in additional charges estimated to be in excess of \$300 million related to uranium deliveries in 1991 and 1992. On January 30, 1992, Ontario Hydro initiated legal action against Denison in the Ontario Court (General Division) disputing such charges and requesting the Court to rule on certain aspects of the Denison Contract with respect to the dispute. Subsequently, on February 27, 1992, Denison applied to the Court for an order staying Ontario Hydro's legal action on the grounds that the dispute is required to be submitted to arbitration pursuant to the Denison Contract. At this time, the outcome of the dispute is not determinable, and as such, no provision has been accrued in Ontario Hydro's financial statements with respect to any amounts in dispute.

8. UNAMORTIZED DEFERRED COSTS

	1991	1990
<i>millions of dollars</i>		
Bruce heavy water plant D	74	111
Wesleyville generating station	4	7
Fuel oil contract	29	58
Coal purchase agreement	34	51
Uranium supply contracts	717	-
	858	227

Unamortized deferred costs are amounts that the Board of Directors, under its rate setting authority, has determined be deferred and amortized for recovery through electricity rates on a straight-line basis over a specified period of years.

As a result of the decision taken in 1991 by Ontario Hydro to amend the Rio Algom Limited and cancel the Denison Mines Limited long-term uranium supply contracts, \$592 million was transferred from "Unamortized advances for fuel supplies" (see note 7).

In 1991, \$40 million and \$46 million (1990: \$39 million and \$46 million) were charged respectively to depreciation and fuel used for electric generation.

ONTARIO HYDRO

9. LONG-TERM DEBT

	1991	1990
<i>millions of dollars</i>		
Bonds and notes payable	32,098	29,292
Other long-term debt	62	86
	32,160	29,378
Less payable within one year	2,063	1,677
	30,097	27,701

Bonds and notes payable, expressed in Canadian dollars, are summarized by years of maturity and by the currency in which they are payable in the following table:

Years of Maturity	1991			1990	
	Principal Outstanding			Principal Outstanding	Weighted Average Interest Rate
	Canadian	Foreign	Total	Total	
	<i>millions of dollars</i>			<i>millions of dollars</i>	<i>per cent</i>
1991	-	-	-	1,653	
1992	1,139	898	2,037	2,021	
1993	2,799	41	2,840	2,800	
1994	1,323	562	1,885	1,927	
1995	1,836	735	2,571	2,697	
1996	2,461	164	2,625		
1 - 5 years	9,558	2,400	11,958	11,098	11.0
6 - 10 years	6,734	1,127	7,861	6,531	10.0
11 - 15 years	1,782	370	2,152	3,509	11.2
16 - 20 years	3,403	2,192	5,595	5,201	10.4
21 - 25 years	648	534	1,182	1,873	13.2
26 years and over	3,350	-	3,350	1,000	10.9
	25,475	6,623	32,098	29,292	10.8
Currency in which payable:					
Canadian dollars		25,475		22,446	
United States dollars		6,496		6,846	
Swiss francs		127			
		32,098		29,292	

ONTARIO HYDRO

9. LONG-TERM DEBT *continued*

Bonds and notes payable are either held, or guaranteed as to principal and interest, by the Province of Ontario.

Bonds and notes payable in United States dollars include \$4,292 million (1990: \$5,056 million) of Ontario Hydro bonds held by the Province of Ontario and having terms identical with Province of Ontario issues sold in the United States on behalf of Ontario Hydro.

Ontario Hydro has entered into financial arrangements as a vehicle for setting the interest rates in advance of future bond issues. As at December 31, 1991, obligations to sell \$717 million of Government of Canada bonds in 1992 were outstanding (1990: nil).

Ontario Hydro has entered into financial arrangements to hedge a portion of the foreign currency exposure related to long-term debt. These arrangements are in forward exchange contracts, foreign currency swap contracts and foreign currency options. Forward exchange contracts amounted to US\$2,834 million as at December 31, 1991 (1990: US\$1,128 million), having a weighted average Canadian dollar exchange rate of 1.22 (1990: 1.27). These forward exchange contracts hedge principal and interest payments amounting to US\$1,567 million due in 1992 and the remaining US\$1,267 million hedge principal and interest payments due over the period 1993 through 1998. Foreign currency swap contracts to exchange US\$897 million and Swiss franc 261 million of principal and interest payments into Canadian dollars were outstanding as at December 31, 1991 (1990: US\$850 million). Of this, US\$60 million and Swiss franc 11 million are due in 1992, and US\$837 million and Swiss franc 250 million are due over the period 1993 to 2001. Option contracts giving Ontario Hydro the right to buy US\$135 million were outstanding as at December 31, 1991 (1990: nil).

Other long-term debt

	1991		1990
	<i>Years of Maturity</i>	<i>Interest Rate</i>	
		<i>per cent</i>	<i>millions of dollars</i>
Balance due to Atomic Energy of Canada Limited on purchase of Bruce heavy water plant A	1992	7.8	24
Capitalized lease obligation for the Head Office building, payable in US dollars	2005	8.0	38
			62
			86

Payments required on the above debt, excluding interest, will total \$34 million over the next five years. The amount payable within one year is \$26 million (1990: \$24 million).

10. BANK INDEBTEDNESS

Bank indebtedness includes short-term bank lines of credit available to Ontario Hydro in the amount of \$600 million. The lines of credit are unsecured and bear interest at approximately the Canadian prime rate.

ONTARIO HYDRO

**11. ACCRUED FIXED ASSET REMOVAL AND
IRRADIATED FUEL DISPOSAL COSTS**

	1991	1990
<i>millions of dollars</i>		
Accrued fixed asset removal costs		
- accrued decommissioning costs	376	330
- accrued fuel channel removal costs	347	278
	723	608
Accrued irradiated fuel disposal costs	618	516
	1,341	1,124

Fixed asset removal costs

Fixed asset removal costs are the costs of decommissioning nuclear and fossil generating stations and heavy water production facilities after the end of their service lives, and the costs of removing certain fuel channels which are expected to be replaced during the life of the nuclear reactors. The significant assumptions used in estimating fixed asset removal costs were:

- decommissioning of nuclear generating stations in the 2042 to 2065 period on the deferred dismantlement basis (dismantlement following storage with surveillance for a 30-year period after shutdown of the reactors), and a transportation distance of 1,000 kilometres from nuclear generating facilities to disposal facilities;
- dismantlement of Bruce heavy water plants A, B and D in the 1995 to 2005 period;
- interest rates through to 2065 ranging from 9% to 11% (1990: 9% to 10%);
- escalation rates through to 2065 ranging from 4% to 7% (1990: 4% to 7%); and
- removal of fuel channels in Pickering nuclear generating station A Unit 4 in the 1991 to 1993 (1990: Units 3 and 4 in the 1989 to 1992) period, Bruce nuclear generating station A Units 1 and 2 in the 1993 to 1999 (1990: 1993 to 1999) period and Units 3 and 4 in the 2002 to 2010 (1990: 2002 to 2010) period, Pickering B in the 2012 to 2017 (1990: 2012 to 2017) period, Bruce B in the 2014 to 2019 (1990: 2014 to 2019) period, and Darlington nuclear generating station in the 2019 to 2024 (1990: 2019 to 2024) period.

Because of possible changes to the above factors and the methods used for decommissioning and fuel channel removal, these costs are subject to revision.

Irradiated fuel disposal costs

The significant assumptions used in estimating the future irradiated fuel disposal costs were:

- an in-service date of the year 2025 (1990: 2025) for irradiated nuclear fuel disposal facilities;
- a transportation distance of 1,000 kilometres from nuclear generating facilities to disposal facilities;
- interest rates through to the disposal date ranging from 9% to 11% (1990: 9% to 10%); and
- escalation rates through to the disposal date ranging from 4% to 7% (1990: 4% to 7%)

Because of the uncertainties associated with the technology of disposal, and the above factors, these costs are subject to change.

ONTARIO HYDRO

12. STATEMENT OF SOURCE OF CASH USED FOR INVESTMENT IN FIXED ASSETS

The statement of source of cash used for investment in fixed assets reports the investment in fixed assets resulting from the cash flows from operating and financing activities and the effects of changes in accounts payable and accrued charges affecting investment in fixed assets during the year. This statement focuses on cash used for investment in fixed assets in view of Ontario Hydro's current level of construction activities which are financed from the two sources, cash provided from operations and cash provided from financing. Cash provided from financing represents the amount of cash provided from the issuance of long-term debt, less the amount of cash used to retire long-term debt, and the effects of changes in cash and cash equivalents, defined to be cash and short-term investments less bank indebtedness and short-term notes payable.

The components of cash provided from operations and the reconciliation of investment in fixed assets to cash used for investment in fixed assets are summarized below:

	1991	1990
<i>millions of dollars</i>		
Cash provided from operations		
Net Income	204	129
Items not requiring cash in the current year		
Depreciation	1,136	908
Amortization of foreign exchange gains and losses	(22)	(48)
Provision for irradiated fuel disposal costs	45	35
Other	42	121
	1,405	1,145
Changes in non-cash working capital and long-term accounts payable affecting operations - (increase)	(24)	(391)
Cash provided from operations	1,381	754
Investment in fixed assets		
The reconciliation of the change in fixed assets during the year with the investment in fixed assets and cash used for investment in fixed assets for the year		
Change in fixed assets	3,031	2,777
Depreciation of fixed assets in service	991	858
Less depreciation charged to heavy water production and construction in progress	(119)	(108)
	872	750
Net book value of fixed assets sold or retired	31	17
Investment in fixed assets	3,934	3,544
Changes in accounts payable and accrued charges affecting investment in fixed assets - (increase) decrease	(578)	48
Cash used for investment in fixed assets	3,356	3,592

ONTARIO HYDRO

13. PENSION, INSURANCE AND HEALTH CARE

Ontario Hydro's employee benefit programs include the pension plan, the group life insurance plan and the long-term disability plan. The assets of these plans and the changes in assets during the year are shown in the financial statements of The Pension and Insurance Fund and are not included in Ontario Hydro's financial statements.

Pension Plan

In June 1991, Ontario Hydro and the Ontario Hydro Employees' Union, Local 1000 of the Canadian Union of Public Employees—C.L.C. (the Union) reached a settlement regarding the monetary claims related to the Corporation's contributions for the years 1965, 1980 to 1985 and 1987 to 1989. Pursuant to the terms of the settlement, Ontario Hydro agreed to pay into the Pension Plan an additional \$228 million, plus interest at the pension fund rate of return on this amount from January 1, 1991 to the payment date. The Society of Ontario Hydro Professional and Administrative Employees agreed with the terms of the settlement. Court approval, which ensures that the settlement is binding upon all current and former Pension Plan members and their beneficiaries, was obtained in November 1991. Ontario Hydro has since paid the \$228 million plus interest into the Pension Plan. The amount paid was charged to the "Deferred pension cost" account in the statement of financial position and the balance in this account represents the cumulative difference between the annual funding contributions and the annual pension costs. Ontario Hydro and the Union also agreed to proceed to court with the remaining issues pertaining to the governance of the Pension Plan.

The pension costs for 1991 were \$143 million (1990: \$165 million). In 1991, about \$94 million (1990: \$124 million) of the pension costs were charged to operations and \$49 million (1990: \$41 million) were capitalized.

The pension costs for 1991 were actuarially determined for accounting purposes using the following significant assumptions which take into consideration the long-term nature of the pension plan:

- rate used to discount future pension benefits - 8.75% (1990: 8.50%),
- rate used to estimate interest cost - 8.75% (1990: 8.50%),
- rate used to estimate return on investments - 9.75% (1990: 8.50%),
- salary schedule escalation rate - 5.75% (1990: 5.75%),
- rate used to estimate improvements in pension benefits to partially offset the effect of increase in cost of living - 3.75% (1990: 3.75%), and
- average remaining period of service of the employees - 16 years (1990: 16 years).

Based on these assumptions, the actuarial present value of the accrued pension benefits is estimated to be \$5,430 million as at December 31, 1991 (1990: \$4,756 million), and the pension plan assets available for these benefits were \$5,227 million (1990: \$4,489 million) based on a five-year market value average.

ONTARIO HYDRO

13. PENSION, INSURANCE AND HEALTH CARE *continued***Group life insurance plan**

The group life insurance plan had assets of \$4 million as at December 31, 1991 (December 31, 1990: \$13 million). Effective April 1, 1986, the assets are being used to pay both the employee and employer insurance premiums for all members of the plan until such time as the assets are fully utilized.

Group health care plan

Ontario Hydro provides a group health care plan to its employees. In 1991, the cost of providing these benefits was \$42 million (1990: \$37 million).

Other post-employment benefits

In addition to pension benefits, Ontario Hydro provides group life insurance and health care benefits to its retired employees and, in certain cases, their surviving spouses and unmarried dependents. The cost of providing the group life insurance and health care benefits is charged to operations as the benefits are incurred. In 1991, the cost of providing these benefits was \$14 million (1990: \$12 million).

14. RESEARCH AND DEVELOPMENT

In 1991 approximately \$145 million of research and development costs were charged to operations and \$20 million were capitalized (1990: \$148 million and \$16 million, respectively).

Auditor's Report

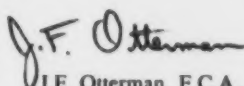
To the Ontario International Corporation and
to the Minister of Industry, Trade and Technology.

I have audited the balance sheet of Ontario International Corporation as at March 31, 1992 and the statement of operations and retained income for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992, and the results of its operations for the year then ended in accordance with the accounting policies described in Note 2.

Toronto, Ontario,
June 24, 1992.

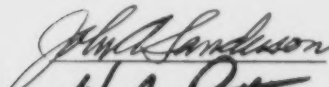
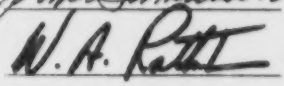

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

ONTARIO INTERNATIONAL CORPORATION
BALANCE SHEET
AS AT MARCH 31

	1992 (\$ 000's)	1991 (\$ 000's)
ASSETS		
Bank	481	739
Accounts receivable and advances	41	11
	522	750
LIABILITIES AND CAPITAL		
Accounts payable and advances	47	312
Contributions from the Province of Ontario (Note 3)	80	80
Retained income	395	358
	475	438
	522	750

See Accompanying Notes

On behalf of the Corporation:

 Chairman
 Vice-President

**ONTARIO INTERNATIONAL CORPORATION
STATEMENT OF OPERATIONS AND RETAINED INCOME
FOR THE YEAR ENDED MARCH 31**

	1992 (\$ 000's)	1991 (\$ 000's)
CONTRACT REVENUE (Note 4)	318	1,371
CONTRACT EXPENDITURE (Note 4)	319	1,381
	(1)	(10)
EXPENSES		
Administrative		
Salaries and benefits	1,677	1,731
Transportation and communication	353	394
Services	344	490
Supplies and equipment	127	230
Program		
Trade Expansion Fund - forgivable loans	1,642	1,334
Ambassadors Program	24	38
Consortia assistance	13	-
	4,180	4,217
Loss from operations	4,181	4,227
Other income	38	52
Recovery from Province of Ontario (Note 5)	4,180	4,217
	4,218	4,269
NET INCOME	37	42
RETAINED INCOME, BEGINNING OF YEAR	358	316
RETAINED INCOME, END OF YEAR	395	358

See Accompanying Notes

**ONTARIO INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1992**

1. PURPOSE OF THE CORPORATION

The Ontario International Corporation was established:

- to assist the private sector in Ontario to sell its consulting expertise, capital goods and training services in the world's markets;
- to promote and support the marketing of Ontario's public sector expertise and systems internationally in conjunction with the private sector; and
- to provide intergovernmental contact and an Ontario government presence in support of the export of professional services and goods associated with capital projects.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for fixed assets which are expensed when purchased, and administrative expenses which are recognized on a cash basis modified to allow an additional twenty-four days to pay for debts pertaining to the fiscal year just ended.

3. CONTRIBUTION FROM THE PROVINCE OF ONTARIO

The contribution from the Province of Ontario relates to the net assets acquired from the Ontario Educational Services Corporation for which no consideration was paid.

4. CONTRACT REVENUE AND EXPENDITURES

In instances where government-to-government contracts provide a competitive advantage, the Corporation acts as a prime contractor on behalf of Ontario exporters. Contract revenue and expenditure relate to moneys received under these contracts and payment of these funds to Ontario exporters respectively.

5. RECOVERY FROM THE PROVINCE OF ONTARIO

Administrative and Program expenses are recovered from the Ministry of Industry, Trade and Technology out of moneys appropriated therefor by the Legislature of the Province of Ontario.

**ONTARIO INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1992**

6. PENSION PLAN

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$109,000 (1991 - \$110,000) and is included in salaries and benefits in the Statement of Operations and Retained Income. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities on January 1, 1992. These additional payments will continue over the next 38 years.

7. COMMITMENTS

Forgivable loans committed but not disbursed as at March 31, 1992, amounted to \$1.45 million (1991 - \$1.1 million). Disbursements of these loans is subject to the satisfactory completion by loan applicants of their agreements with the Corporation.

8. FUTURE OPERATIONS

Present enabling legislation expires December 31, 1993. Continued operations of the Corporation are dependant upon future legislation.

9. COMPARATIVE AMOUNTS

The 1991 balances for certain administrative expenses have been restated to reflect additional expenses incurred by the Ministry of Industry, Trade and Technology on behalf of the Corporation. As a result, previously reported figures have been increased by the following:

	\$ (000's)
Services	175
Supplies and equipment	<u>148</u>
Loss from operations	<u>323</u>
Recovery from the Province of Ontario	<u>323</u>

There is no change to net income or retained income as previously reported.

Auditor's Report

To the Ontario Junior Farmer Establishment Loan Corporation,
to the Minister of Agriculture and Food, and
to the Treasurer of Ontario.

I have audited the balance sheet of the Ontario Junior Farmer Establishment Loan Corporation as at March 31, 1992 and the statement of operations for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario,
July 10, 1992.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

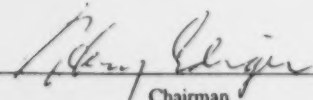
THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Balance Sheet
as at March 31, 1992

	1992 \$	1991 \$
Assets		
Cash		
- general	17,120	30,835
- funds held in trust	100,762	107,231
Mortgage loans		
- interest due and accrued	574,965	656,780
- principal	<u>12,985,848</u>	<u>15,871,195</u>
	<u>13,678,695</u>	<u>16,666,041</u>
Liabilities		
Funds held in trust	100,762	107,231
Capital advances due to the Treasurer of Ontario including accrued interest	<u>13,577,933</u>	<u>16,558,810</u>
	<u>13,678,695</u>	<u>16,666,041</u>

See accompanying notes to financial statements.

On behalf of the Board:


Chairman


Vice-Chairman

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Statement of Operations
for the year ended March 31, 1992

	1992 \$	1991 \$
Revenue		
Mortgage interest (note 3)	725,345	868,588
Miscellaneous	<u>5,221</u>	<u>7,543</u>
	730,566	876,131
Expense (note 4)		
Interest on capital advances - Treasurer of Ontario (note 3)	<u>994,123</u>	<u>1,186,209</u>
Operating loss for the year	<u>263,557</u>	<u>310,078</u>
Contribution by the Treasurer of Ontario (note 5)	<u>263,557</u>	<u>310,078</u>

See accompanying notes to financial statements.

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Notes to Financial Statement
March 31, 1992

1. STATUS OF CORPORATION

The Corporation has not accepted any new mortgage loan applications since 1969 and the final mortgage instalments on outstanding loans are payable in 1999.

2. BASIS OF ACCOUNTING

The financial statements have been prepared by management in accordance with generally accepted accounting principles.

3. INTEREST ON MORTGAGES AND CAPITAL ADVANCES

Interest earned by the Corporation on its mortgage loans is fixed by legislation and averages approximately 5 per cent per annum. Interest payable by the Corporation on capital advances from the Treasurer of Ontario has been established by the Treasurer of Ontario at 6.7 per cent. This interest differential is the reason for the Corporation's operating loss.

4. ADMINISTRATION EXPENSES

Salaries of the Corporation's staff and sundry administrative costs have been absorbed by the Ministry of Agriculture and Food and are not included in the statement of operations.

5. CONTRIBUTION BY THE TREASURER OF ONTARIO

The cost of the loan program, which is presented by the net operating loss for the year, is paid out of moneys appropriated therefor by the Legislature.

Auditor's Report

To the Board of Directors of the Ontario Lottery Corporation
and to the Minister of Tourism and Recreation.

I have audited the balance sheet of the Ontario Lottery Corporation as at March 31, 1992 and the statements of operations and net profits due to Treasurer of Ontario for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and net profits due to Treasurer of Ontario for the year then ended in accordance with the accounting policy described in note 2(a) to the financial statements.

Toronto, Ontario,
June 19, 1992.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

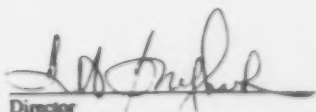
ONTARIO LOTTERY CORPORATION

BALANCE SHEET
AS AT MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Assets		
Cash	54,486	20,879
Prize Funds on Deposit	56,028	63,505
Due from Interprovincial Lottery Corporation	1,640	2,830
Accrued Interest	1,579	1,055
Accounts Receivable	4,537	7,320
Prepaid Expenses	5,388	1,709
	123,658	97,298
Liabilities		
Prize Money Unclaimed	56,028	63,505
Net Profits Due to Treasurer of Ontario	3,994	666
Accounts Payable and Accrued Liabilities	31,054	13,331
Due to Government of Canada	2,450	5,910
Deferred Income	30,132	13,886
Commitments (note 4)		
	123,658	97,298

See accompanying notes to financial statements.

On behalf of the Board:


Director
Director

ONTARIO LOTTERY CORPORATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1992 (in thousands of dollars)

	1992	1991
Sales	1,406,294	1,350,815
Direct Costs		
Prizes	674,155	639,939
Commissions - Retailers and Distributors	100,721	100,264
Brand Advertising	16,920	21,559
Ticket Printing	28,812	37,440
	820,608	799,202
Sales Less Direct Costs	585,686	551,613
Operating Expenses		
Administration and Other Expenses	77,366	62,351
Capital Expenditures	20,857	10,988
	98,223	73,339
Net Income From Operations	487,463	478,274
Interest Income	10,234	12,226
Payments to Government of Canada		
- on behalf of the Province of Ontario (note 3)	17,916	17,126
- Goods and Services Tax	21,325	5,321
Net Profits	458,456	468,053

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION**STATEMENT OF NET PROFITS DUE TO TREASURER OF ONTARIO
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)**

	1992	1991
Balance, beginning of year	666	2,613
Net Profits	458,456	468,053
	459,122	470,666
Less payments to Treasurer of Ontario	455,128	470,000
Balance, end of year	3,994	666

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992****1. Nature of the Corporation**

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the Ontario Lottery Corporation Act ("Act"). The Corporation is responsible for the conduct and management of lottery games in Ontario. The Ontario EXTRA, Lottario, Instant, Encore, Pick 3, and Cleansweep lotteries are conducted solely by the Corporation, whereas, the Provincial, Special Events and Lotto 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation (ILC).

2. Significant Accounting Policies**(a) Basis of Accounting**

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for capital expenditures which are written off to operations at the time of acquisition.

(b) Prize Money Unclaimed

Under the regulations of the Act, unclaimed prize money from lotteries conducted solely by the Corporation remain accrued and funded for bonus draw prizes.

(c) Revenue Recognition

Revenues are deferred on ticket sales where a draw has not taken place. For Instant games, revenues are recognized when the ticket is sold to the consumer.

3. Payments to Government of Canada

The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 made between the Provincial Governments and the Federal Government. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets. The Corporation remits the Province of Ontario's share of the above payments to the ILC.

ONTARIO LOTTERY CORPORATION**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992****4. Commitments**

The Corporation has entered into several office space leases in various locations in Ontario. The minimum annual lease payments for each of the next five years are approximately as follows:

1992-1993	\$3,875,000
1993-1994	3,549,000
1994-1995	3,561,000
1995-1996	3,579,000
1996-1997	3,673,000

Future aggregate minimum lease payments to the expiry dates amount to approximately \$45,760,000.

In addition, the Corporation has concluded a purchase agreement for new On-line Gaming Terminals that will cost \$55 million in capital expenditures over the next three years.

5. Statement of Changes in Financial Position

A statement of changes in financial position is not included with the financial statements as it would provide no additional information.

6. Comparative Figures

Certain amounts at March 31, 1991, have been reclassified to conform with the financial statement presentation adopted at March 31, 1992.

AUDITORS' REPORT

To the Directors of
Ontario Mortgage Corporation and the
Minister of Government Services

We have audited the balance sheet of **Ontario Mortgage Corporation** as at March 31, 1992 and the statements of earnings, contributed surplus and retained earnings for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Ernst + Young

Toronto, Canada,
May 29, 1992.

Chartered Accountants

Ontario Mortgage Corporation

BALANCE SHEET

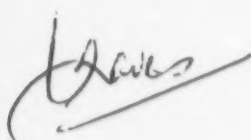
As at March 31

	1992 \$	1991 \$
	[000's]	
ASSETS		
Mortgages <i>(note 2)</i>	10,412	11,036
Real estate <i>(note 3)</i>	625	686
Cash	2,644	2,577
Accounts receivable	259	504
	13,940	14,803
LIABILITIES AND SHAREHOLDER'S EQUITY		
Accounts payable and accrued liabilities	394	222
Dividends payable to the Treasurer of Ontario	312	778
Total liabilities	706	1,000
Shareholder's equity		
Capital stock <i>(note 5)</i>		
Authorized and issued		
10 common shares with no par value	—	—
Contributed surplus	7,601	8,170
Retained earnings	5,633	5,633
Total shareholder's equity	13,234	13,803
	13,940	14,803

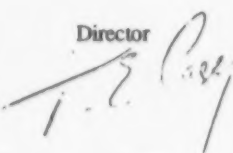
See accompanying notes

On behalf of the Board:

Director



Director



Ontario Mortgage Corporation
STATEMENT OF EARNINGS

Year ended March 31

	1992 \$	1991 \$
	[000's]	
REVENUE		
Interest on mortgages	1,225	1,260
Bank interest	246	385
Reduction in mortgage allowance and reserve [note 2]	149	146
Gain on sale of acquired properties	—	45
Administration fees	58	52
	1,678	1,888
EXPENSES		
Mortgage administration fees	108	124
Other	17	—
	125	124
Net earnings for the year	1,553	1,764

See accompanying notes

Ontario Mortgage Corporation

STATEMENT OF CONTRIBUTED SURPLUS

Year ended March 31

	1992 \$	1991 \$
	[000's]	
Balance, beginning of year	8,170	8,906
Return of contributed surplus to the Treasurer of Ontario	(569)	(736)
Balance, end of year	7,601	8,170

STATEMENT OF RETAINED EARNINGS

Year ended March 31

	1992 \$	1991 \$
	[000's]	
Balance, beginning of year	5,633	5,633
Net earnings for the year	1,553	1,764
Dividends declared to the Treasurer of Ontario	(1,553)	(1,764)
Balance, end of year	5,633	5,633

See accompanying notes

Ontario Mortgage Corporation**NOTES TO FINANCIAL STATEMENTS**

March 31, 1992

1. SIGNIFICANT ACCOUNTING POLICIES

Ontario Mortgage Corporation [the "Corporation"] was incorporated under the Corporations Act in 1948 and remained active until April 1, 1982, at which time its assets, liabilities and shareholder's equity were transferred to Ontario Land Corporation ["OLC"]. OLC ceased active operations on March 31, 1987, at which time the Corporation was reactivated under the Ontario Business Corporations Act and certain assets and liabilities of OLC were transferred to it. All outstanding shares of the Corporation are now held in trust for the Crown in the Right of the Province of Ontario [the "Province"]. The Corporation returns excess funds to the Province in the form of quarterly dividends from profits and return of contributed surplus from repayments of principal.

In response to government policy, the Corporation sold the majority of its mortgage portfolio during the year ended March 31, 1988. Portions of the remaining portfolio may be sold in the future. The Corporation has entered into an agreement with the Canada Mortgage and Housing Corporation to administer the remaining mortgages.

The Corporation administers certain housing incentive programs as an agent of the Province. Advances under these programs are reflected in the Public Accounts but are not included in the accounts of the Corporation. The Corporation also administers 1,999 land leases [754 residential and 1,245 commercial] on behalf of the Ministry of Government Services and a portfolio of second mortgages on behalf of the Province. Mortgage administration fees related to these mortgages are shown as expenses of the Corporation.

Salaries, benefits and other administrative expenses of the Corporation are absorbed by the Ministry of Government Services.

Mortgages

Mortgages are carried at principal amount outstanding plus accrued interest less allowance and reserve for losses.

Real estate

Cost of real estate acquired upon default of mortgage loans consists of the unpaid mortgage balances together with operating costs, net of rent received. These properties are subsequently sold with the intention of recovering the value of the related mortgages.

Revenue recognition

Revenue from the sale of real estate is recognized when title passes to the purchaser.

Ontario Mortgage Corporation

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

2. MORTGAGES

Mortgages consist of the following:

	1992 \$	1991 \$ [000's]
Uninsured	13,064	13,817
Insured under the National Housing Act	113	133
	13,177	13,950
Mortgage allowance and reserve	(2,765)	(2,914)
	10,412	11,036

Mortgages remaining at March 31, 1992 consist of \$6,974,686 first mortgages [128 units; 1991 - 149 units] and \$6,202,510 second mortgages [424 units; 1991 - 485 units]. Maturity dates range up to 19 years on the first mortgages and up to 31 years on the second mortgages. Interest rates range from 8% to 14.25%.

3. REAL ESTATE

The Corporation holds 48 [1991 - 48] acquired properties as a result of default by mortgagors. These properties consist of townhouses, condominium apartments and single family homes.

4. STATEMENT OF CHANGES IN FINANCIAL POSITION

A separate statement of changes in financial position has not been prepared since cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

5. CAPITAL STOCK

Capital stock has a legal stated value of \$1 per share.

6. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1992 financial statements.

Auditor's Report

To the Ontario Municipal Improvement Corporation and
to the Treasurer of Ontario.

I have audited the balance sheet of the Ontario Municipal Improvement Corporation as at March 31, 1992 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario,
May 20, 1992.



J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Balance Sheet
as at March 31, 1992

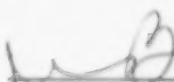
Assets	1992 (\$000's)	1991 (\$000's)
Cash	7	6
Accrued interest on investments	1,264	477
Long term investments, at cost (schedule)	<u>43,212</u>	<u>15,786</u>
	<u>44,483</u>	<u>16,269</u>
Liabilities		
Accrued interest on borrowings	1,264	477
Due to:		
- Treasurer of Ontario	8,433	10,636
- Canada Pension Plan Investment Fund (note 1)	<u>34,786</u>	<u>5,156</u>
	<u>44,483</u>	<u>16,269</u>

See accompanying schedule and notes to financial statements.

Approved on behalf of the Corporation.



Chairman



Member

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1992

	1992 (\$000's)	1991 (\$000's)
Revenue		
Interest on investments	<u>3,974</u>	<u>1,630</u>
Expenditure		
Interest on borrowings		
- Treasurer of Ontario (note 2)	1,076	1,327
- Canada Pension Plan Investment Fund (note 1)	<u>2,898</u>	<u>303</u>
	<u>3,974</u>	<u>1,630</u>

See accompanying schedule and notes to financial statements.

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Long Term Investments in Municipal and School Board Debentures
as at March 31, 1992

Analysis by Rate of Interest			Analysis by Years of Maturity		
Interest Rate on %	Principal 1992 (\$000's)	Principal 1991 (\$000's)	Years of Maturity March 31	Principal 1992 (\$000's)	Principal 1991 (\$000's)
7.00 - 8.99	281	853	1992	—	2,120
9.00 - 10.99	35,974	7,254	1993	1,766	1,780
11.00 - 12.99	4,936	5,363	1994	1,584	1,602
13.00 - 19.25	<u>2,021</u>	<u>2,316</u>	1995	1,524	1,545
	<u>43,212</u>	<u>15,786</u>	1996	1,058	1,074
			1997	<u>462</u>	<u>—</u>
			1 - 5 years	6,394	8,121
			6 - 10 years	1,729	1,816
			11 - 15 years	268	653
			16 - 20 years	34,821	5,187
			21 - 25 years	<u>—</u>	<u>9</u>
				<u>43,212</u>	<u>15,786</u>

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

**Notes to Financial Statement
March 31, 1992**

1. CANADA PENSION PLAN INVESTMENT FUND BORROWINGS

The Canada Pension Plan Investment Fund borrowings are repayable 20 years from the date of issuance of the debentures. The Corporation is authorized to borrow up to \$200 million from the Fund and repayment is guaranteed by the Treasurer of Ontario. Interest is payable semi-annually at various individual debenture rates ranging from 9.81% to 11.04%. These monies are in turn lent to school boards under the same terms and conditions.

2. INTEREST ON ADVANCES

Pursuant to Order in Council 775/77, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the excess of revenue over expenditure for the fiscal year.

3. ADMINISTRATION EXPENSE

The cost of administration has been provided by the Ministry of Treasury and Economics without charge to the Corporation.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Auditor's Report

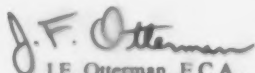
To the Ontario Northland Transportation Commission
and to the Minister of Northern Development and Mines.

I have audited the consolidated balance sheet of the Ontario Northland Transportation Commission as at December 31, 1991 and the consolidated statements of income and retained earnings, contributed surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

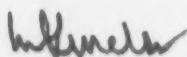
Toronto, Ontario,
March 27, 1992.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

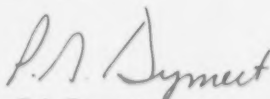
ONTARIO NORTHLAND TRANSPORTATION COMMISSION
 Consolidated Balance Sheet
 as at December 31, 1991
 (dollars in thousands)

Assets	1991 \$	1990 \$
Current Assets		
Cash and short-term investments	2,601	943
Accounts receivable	23,533	23,893
Materials and supplies	9,968	11,880
Prepaid expenses	711	730
	<u>36,813</u>	<u>37,446</u>
Long-Term Investments (note 2)	150	2,147
Self-Insurance Fund (note 3) (market value \$3,409; 1990 - \$3,273)	3,115	3,244
Investment in Capital Assets (schedule 1)	237,199	227,151
Other Assets (note 4)	7,215	6,576
	<u>284,492</u>	<u>276,564</u>

Approved on behalf of the Commission:



M.D. Sinclair
 Chairman



P.A. Dymont
 President and CEO

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
 Consolidated Balance Sheet
 as at December 31, 1991
 (dollars in thousands)

Liabilities and Equity	1991 \$	1990 \$
Current Liabilities		
Accounts payable and accrued charges	13,682	14,386
Deferred revenue	1,085	856
Current portion of long-term debt	1,000	-
	15,767	15,242
Provision for Self-Insurance (note 3)	3,115	3,244
Long-Term Debt (note 6)	41,208	35,208
	44,323	38,452
Province of Ontario Equity		
Contributed surplus	11,706	13,828
Retained earnings	212,696	209,042
	224,402	222,870
	284,492	276,564
Commitments and Contingencies (note 10)		

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
 Consolidated Statement of Income and Retained Earnings
 for the year ended December 31, 1991
 (dollars in thousands)

	1991 \$	1990 \$
Operating Revenues (schedule 2)	134,820	137,090
Operating Expenses (schedule 2)	<u>122,671</u>	<u>122,305</u>
Operating Income	<u>12,149</u>	<u>14,785</u>
General Administrative Expenses	9,191	9,095
Interest Expense	129	138
Retirement Incentive (note 7)	-	5,177
Investment and Other Income	<u>(825)</u>	<u>(3,414)</u>
Other Expenses	<u>8,495</u>	<u>10,996</u>
Net Income for the year	3,654	3,789
Retained Earnings, beginning of year	<u>209,042</u>	<u>205,253</u>
Retained Earnings, end of year	<u>212,696</u>	<u>209,042</u>

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
Consolidated Statement of Contributed Surplus
for the year ended December 31, 1991
(dollars in thousands)

	1991 \$	1990 \$
Balance, beginning of year	13,828	16,094
Less: Amortization	2,122	2,266
Balance, end of year	11,706	13,828

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
 Consolidated Statement of Changes in Financial Position
 for the year ended December 31, 1991
 (dollars in thousands)

		1991 \$	1990 \$
Operating Activities	Net income for the year	3,654	3,789
	Items not affecting cash:		
	Amortization	8,849	7,929
	Decrease (increase) in accounts receivable	360	(6,774)
	Decrease in materials and supplies and prepaid expenses	1,931	786
	Decrease in accounts payable and accrued charges	(704)	(5,721)
	Increase (decrease) in deferred revenue	229	(138)
		<u>14,319</u>	<u>(129)</u>
Financing Activities	Proceeds from term bank loan	<u>7,000</u>	<u>-</u>
Investing Activities	Proceeds from sale of long-term investments	2,029	22,355
	Investment in capital assets	(21,998)	(29,789)
	Proceeds from sale of capital assets	1,018	937
	Increase in other assets	(82)	(805)
	Increase in goodwill	(628)	-
		<u>(19,661)</u>	<u>(7,302)</u>
Increase (decrease) in cash and short-term investments during the year		1,658	(7,431)
Cash and short-term investments, beginning of year		<u>943</u>	<u>8,374</u>
Cash and short-term investments, end of year		<u>2,601</u>	<u>943</u>

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
Schedule of Investment in Capital Assets
as at December 31, 1991
(dollars in thousands)

SCHEDULE 1

		1991 \$	1990 \$		
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Rail Services	Roadway	129,473	43,008	86,465	85,967
	Buildings	38,947	5,311	33,636	25,268
	Equipment	60,637	23,366	37,271	34,461
Telecommunications	Equipment	68,800	37,311	31,489	26,806
	Buildings	2,762	820	1,942	2,036
Air Services	Aircraft	15,943	12,236	3,707	4,778
	Buildings	1,869	608	1,261	1,355
	Equipment	2,071	1,688	383	774
Transport/Express Services	Vehicles	2,384	1,536	848	1,087
	Land and Buildings	644	428	216	194
	Equipment	640	470	170	300
Marine Services (Owen Sound)	Vessels	19,811	5,845	13,966	14,626
	Land and Buildings	126	27	99	102
	Equipment	259	244	15	21
Bus Services	Coaches	8,697	1,471	7,226	2,571
	Land and Buildings	2,000	-	2,000	-
	Franchises	298	60	238	268
Marine Services (North Bay and Moosonee)	Vessels	912	508	404	440
	Buildings	105	30	75	27
Under construction		15,788	-	15,788	26,070
		372,166	134,967	237,199	227,151

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
Schedule of Operating Revenues and Expenses
for the year ended December 31, 1991
(dollars in thousands)

SCHEDULE 2

		1991 \$	1990 \$
Rail Services	Sales Revenue	38,408	42,985
	Government Reimbursement (note 8)	18,711	18,233
	Total Revenue	57,119	61,218
	Expense	56,717	59,673
	Income from operations	402	1,545
Telecommunications	Sales Revenue (note 9)	44,117	42,069
	Expense	30,068	27,533
	Income from operations	14,049	14,536
Air Services	Sales Revenue	12,520	12,492
	Government Reimbursement (note 8)	3,100	4,000
	Total Revenue	15,620	16,492
	Expense	15,844	15,233
	Income (loss) from operations	(224)	1,259
Transport/Express Services	Sales Revenue	4,096	4,773
	Expense	6,375	6,505
	Loss from operations	(2,279)	(1,732)
Marine Services (Owen Sound)	Sales Revenue	5,280	5,127
	Government Reimbursement (note 8)	1,940	1,400
	Total Revenue	7,220	6,527
	Expense	7,177	7,305
	Income (loss) from operations	43	(778)

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
Schedule of Operating Revenues and Expenses
for the year ended December 31, 1991
(dollars in thousands)

SCHEDULE 2
(continued)

		1991 \$	1990 \$
Bus Services	Sales Revenue	6,041	5,358
	Expense	5,771	5,195
	Income from operations	270	163
Marine Services (North Bay)	Sales Revenue	297	338
	Expense	434	579
	Loss from operations	(137)	(241)
Marine Services (Moosonee)	Sales Revenue	103	103
	Government Reimbursement (note 8)	97	62
	Total Revenue	200	165
	Expense	177	145
	Income from operations	23	20
Tourist Facilities (Hannah Bay)	Sales Revenue	110	150
	Expense	108	137
	Income from operations	2	13
Total Operations	Sales Revenue	110,972	113,395
	Government Reimbursement (note 8)	23,848	23,695
	Operating Revenues	134,820	137,090
	Operating Expenses	122,671	122,305
	Operating Income	12,149	14,785

See accompanying schedules and notes to consolidated financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements

December 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles. They include the accounts of the Commission and its wholly-owned subsidiaries, Star Transfer Limited, The Owen Sound Transportation Company, Limited, Air-Dale Limited and Nipissing Central Railway Company.

b) Materials and supplies

With the exception of used rail, and bulk diesel fuel, all materials and supplies are valued at the most recent price paid. Used rail is shown at unamortized book value determined at the time of retirement and bulk diesel fuel is valued at average cost.

c) Long-term investments

Long-term investments are stated at acquisition cost, net of any unamortized bond discount or premium.

d) Investment in capital assets and amortization

Capital assets are stated at acquisition cost. Amortization is calculated on the straight-line basis over the estimated service lives of the assets.

The estimated service lives used for principal categories of assets are as follows:

Roadway-main line and branches	20 to 50 years
Railway diesel locomotives	25 years
Railway cars	33 years
Vessels	20 to 30 years
Buildings	50 years
Telecommunications equipment	15 years
Aircraft	10 years
Vehicles	3 years
Coaches	10 years
Bus franchises	10 years

The Province of Ontario reimburses the Commission for the cost of certain capital assets purchased for use in operations designated as non-commercial by the Province. The Commission records these assets at their original cost together with an offsetting credit to Contributed Surplus. Annual amortization on these capital assets is recorded as a reduction of Contributed Surplus.

e) Self-insurance fund

The self-insurance fund assets are stated at acquisition cost.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
Notes to Consolidated Financial Statements
December 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Other Assets

Deferred agency fees and goodwill are stated at unamortized acquisition cost and amortization is calculated on the straight-line basis over 5 years and 10 years, respectively.

g) Income taxes

As an agency of the Province of Ontario, the Commission is exempt from income taxes. This exemption extends to its wholly-owned subsidiaries, and accordingly no tax provision is recorded in these financial statements.

h) Vacation pay

The Commission accounts for vacation entitlement payments on a cash basis. There is no accrual at the end of the year for vacation entitlements earned but not paid. Had these amounts been included in the accounts, current liabilities would have increased by approximately \$3,954,000 (1990 - \$4,112,000) along with a corresponding decrease in retained earnings.

2. LONG-TERM INVESTMENTS

Long-term investments are comprised of the following:

	1991 \$	1990 \$
Investment in common shares of Telesat Canada	150,000	150,000
Investment in long-term government bonds	-	1,997,000
	150,000	2,147,000

3. SELF-INSURANCE FUND

The Commission follows the policy of self-insuring for damages from rolling stock derailments and for cargo damage. Annual contributions to the self-insurance fund consists of a \$100,000 premium paid by the Commission in addition to investment income earned on fund assets. As a result of a freight train derailment occurring during the year, the sum of \$517,000 was paid from the self-insurance fund.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements

December 31, 1991

4. OTHER ASSETS

Other assets are comprised of the following:

	1991 \$	1990 \$
Deferred Agency Fees	238,000	-
Goodwill	969,000	400,000
Deferred Pension Charge (note 5)	6,008,000	6,176,000
	7,215,000	6,576,000

5. PENSION PLAN

The Commission is the trustee for its contributory pension plan which covers all permanent staff.

The net cost of pension benefits is actuarially determined on the basis of management's best estimates using the projected benefit method pro-rated over the service lives of employees. The net cost of pension benefits includes the amortization over the remaining service lives of the plan members of the initial net pension surplus and the 1991 experience gain. Pension plan assets were valued at a market related value based on recognizing the difference between book and market values at each year end over a five year period.

The Commission's share of the net cost of pension benefits earned by employees during the year was \$2,294,000 (1990 - \$1,397,000). In 1991, the Commission funded the amount of \$2,126,000 (1990 - \$2,202,000). The accumulated excess of the funded amount over the net cost of benefits earned is recorded as a Deferred Pension Charge which is included in Other assets on the Balance Sheet.

The actuarial valuation prepared for accounting purposes as at December 31, 1991 disclosed a surplus of \$13,267,000 (1990 - \$12,984,000) representing the excess of plan assets of \$217,731,000 (1990 - \$206,230,000) over accrued pension benefits of \$204,464,000 (1990 - \$193,246,000). This valuation assumed an expected rate of return on plan assets of 7 1/2 per cent and projected pay increases of 5 1/2 per cent.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
Notes to Consolidated Financial Statements
December 31, 1991

6. LONG-TERM DEBT

Long-term debt is comprised of the following:

	1991 \$	1990 \$
Loan from Province of Ontario		
Non-interest bearing and with no specific terms of repayment	35,208,000	35,208,000
Term bank loan		
Bearing interest at the bank's prime lending rate and with fixed annual principal repayments extending over 5 years	7,000,000	-
	42,208,000	35,208,000
Less: current portion	1,000,000	-
	41,208,000	35,208,000

Principal repayments due in each of the next 5 years are as follows:

1992	1,000,000
1993	1,000,000
1994	1,000,000
1995	1,000,000
1996	3,000,000
	7,000,000

7. RETIREMENT INCENTIVE

During 1990, one of the Commission's major customers closed its mining operations at two mines located in Northern Ontario. In connection with this closure, incentives to retire were extended to a number of the Commission's employees. A total of 107 employees accepted the offer at a cost of \$5,177,000.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements

December 31, 1991

8. GOVERNMENT REIMBURSEMENT

In accordance with a Memorandum of Understanding between the Commission and the Ministry of Northern Development and Mines, certain operations of the Commission have been designated as non-commercial. The Commission and the Ministry entered into a fixed price contract which defined the amount of compensation which the Province of Ontario provided for the year 1991.

A portion of the operating loss of the weekday passenger train service between North Bay and Toronto is reimbursed by the National Transportation Agency of Canada under Section 261 of the Railway Act.

Details of Government Reimbursement are as follows:

	1991 \$	1990 \$
From Province of Ontario:		
Rail - Passenger Service and Moosonee Branch	16,611,000	16,235,000
Air Services	3,100,000	4,000,000
Marine Services (Moosonee)	97,400	62,000
Marine Services (Owen Sound)	1,940,000	1,400,000
From National Transportation Agency	2,100,000	1,998,000
	23,848,400	23,695,000

9. TELECOMMUNICATION REVENUE AGREEMENTS

The Commission has revenue-sharing agreements with Bell Canada and Northern Telephone Limited, subsidiaries of Bell Canada Enterprises Inc.. These revenue-sharing agreements may be terminated by either party after giving 180 days and 60 days prior notice, respectively. Approximately 68 per cent (1990 - 70 per cent) of telecommunications revenue depend on these agreements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION
Notes to Consolidated Financial Statements
December 31, 1991

10. COMMITMENTS AND CONTINGENCIES

Rail Line Purchase

The Commission has entered into an agreement with the Canadian National Railway Company to purchase, for a nominal amount, certain lands, buildings and operations related rail facilities located between Cochrane and Calstock in the Province of Ontario. The agreement has been approved by the National Transportation Agency of Canada, but requires further federal and provincial government approvals before being finalized.

Gray Coach Purchase

The Commission has entered into an agreement to purchase certain assets from Gray Coach Lines Inc. for the sum of \$7 million. The agreement requires certain regulatory and Government of Ontario approvals before being finalized. Currently the assets are being utilized by the Commission while the monies paid are being held in escrow pending final approval.

Litigation

Various statements of claim have been issued against the Commission claiming damages. Damages, if any, cannot be estimated at this time and in any event the Commission is of the opinion that these claims would be unfounded or covered by insurance. Should any loss result it would be charged to operations when the amount is ascertained.

11. COMPARATIVE FIGURES

Prior year's figures have been reclassified where necessary to conform to the current year's presentation.

ONTARIO PENSION BOARD

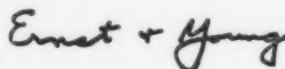
Auditors' Report**To the Directors of the Ontario Pension Board:**

We have audited the statements of net assets available for benefits of the Ontario Pension Board as at December 31, 1991 and December 31, 1990, the statements of changes in net assets available for benefits and the statements of administrative expenses for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1991 and December 31, 1990 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Toronto, Canada
February 24, 1992



Chartered Accountants

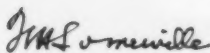
ONTARIO PENSION BOARD

**Statement Of Net
Assets Available
For Benefits As
At December 31**

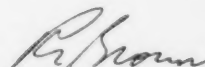
ASSETS	<i>(in thousands of dollars)</i>	
	1991	1990
Investments (Notes 4 and 5)	\$ 8,400,886	\$ 7,246,302
Contributions Receivable	66,091	55,697
Accrued Interest	562,423	551,361
Fixed Assets (Note 6)	2,928	3,100
TOTAL ASSETS	<u>9,032,328</u>	<u>7,856,460</u>
LIABILITIES		
Accounts Payable and Accrued Charges	1,967	7,666
Income Tax Withheld on Pension Payments	4,386	3,787
TOTAL LIABILITIES	<u>6,353</u>	<u>11,453</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 9,025,975</u>	<u>\$ 7,845,007</u>

See accompanying notes

Approved on behalf of the Board:



William H. Somerville
Director



Ronald C. Brown
Director

ONTARIO PENSION BOARD

**Statement Of Changes
In Net Assets Available
For Benefits For
The Years Ended
December 31**

	<i>(in thousands of dollars)</i>	
	1991	1990
INCREASE IN NET ASSETS		
Investment Income (Note 7)	\$ 914,477	\$ 816,055
Contributions:		
Members	268,733	238,991
Sponsors	281,126	247,111
Increase in market value of investments (Note 5)	107,386	
Interim payments received on account of unfunded liability	96,983	89,422
Transfers from other plans	13,314	8,198
Increase in net assets	1,682,019	1,399,777
DECREASE IN NET ASSETS		
Pensions paid	425,646	393,345
Refunds of contributions and transfers	62,869	88,964
Administrative expenditures	12,536	9,630
Decrease in net assets	501,051	491,939
TOTAL INCREASE FOR THE YEAR	1,180,968	907,838
NET ASSETS AT BEGINNING OF YEAR	7,845,007	6,937,169
NET ASSETS AT END OF YEAR	<u>\$ 9,025,975</u>	<u>\$ 7,845,007</u>
See accompanying notes		

ONTARIO PENSION BOARD

**Statement Of
Administrative
Expenses For The
Years Ended
December 31**

	<i>(in thousands of dollars)</i>	
	1991	1990
Salaries and benefits	\$ 6,868	\$ 1,635
Investment services	2,102	500
Office rental, operating costs and taxes	1,209	230
Depreciation	447	94
Repairs and maintenance	361	85
Printing, stationery and computer supplies	346	186
Professional consulting services	273	486
Telecommunications	238	20
Actuarial services	151	312
Office equipment	112	80
Postage and distribution	108	6
Training and development	75	328
Communications	54	80
Bank services	46	23
Audit fees	37	36
Travel	32	33
Books and publications	31	25
Board services	15	20
Registration and filing	12	0
Legal fees	9	56
Relocation costs	6	5
Insurance	4	1
Treasurer of Ontario (Note 9)	0	5,389
TOTAL	\$ 12,536	\$ 9,630

See accompanying notes

ONTARIO PENSION BOARD

**Notes To Financial
Statements
December 31,
1991****1. PUBLIC SERVICE PENSION ACT, 1989**

On December 31, 1989 the Province of Ontario enacted new legislation governing the pension plan of the civil servants of the Province. The Public Service Pension Act, 1989 (the Act) repealed the Public Service Superannuation Act, 1980, as amended. The pension plan which had been established thereunder was continued under the Act. The terms of the pension plan (the Plan) are stated in Schedule 1 to the Act and are effective January 1, 1990. The Ontario Pension Board (the Board), formerly the Public Service Pension Board, is the administrator of the Plan.

Effective January 1, 1990 the total assets and liabilities of the Public Service Superannuation Fund Account maintained in the Consolidated Revenue Fund were transferred to the Board. The transfer was made by issuing \$6.937 billion of Special Province of Ontario debentures.

2. DESCRIPTION OF PLAN

The following is a brief description of the Plan. For more complete information, reference should be made to the Act.

a) General

The Plan is a contributory defined benefit pension plan and is mandatory for persons who satisfy eligibility requirements provided in the Act. Under the Plan, contributions are made by the members and the sponsors. The Plan is registered under the Pension Benefits Act of Ontario: registration #C-667/2.

b) Contributions

The Plan is integrated with the Canada Pension Plan (CPP). Member contributions are 6.2% of salary which is subject to CPP deductions and 8% on the balance of salary. The sponsors contribute matching amounts.

Ontario Provincial Police members are required to contribute to the Plan an additional 2% of salary which is matched by the sponsor.

c) Service Pensions

A service pension is payable at age 65 based on the number of years of credit, the average salary during the best consecutive 60 month period less an offset for amounts received under the Canada Pension Plan. An unreduced pension can be received before age 65 if the member's age and service credit total 90 or when the member reaches age 60 and has 20 or more years of credited service.

Ontario Provincial Police members are eligible for an unreduced pension after attaining age 50 with 30 years of credited service.

d) Death Benefits

Amounts may be payable to a surviving eligible spouse or eligible children, a designated beneficiary or the member's or pensioner's estate on the death of a member or a pensioner. The benefit may take the form of an immediate or deferred pension and/or a lump sum payment.

ONTARIO PENSION BOARD

**Notes To Financial
Statements
December 31,
1991****e) Disability Pensions**

Based on meeting all eligibility criteria, a pension may be available to members with a minimum of 10 years of credited service. The amount of the disability pension is dependent on credited service and average salary.

f) Withdrawal Refunds

Members terminating employment before age 55 who are eligible for a deferred pension may transfer the commuted value of the pension to a locked-in registered retirement savings plan, to another pension plan or may purchase a life annuity.

g) Escalation of Benefits

Pension benefits are indexed to inflation based on the Consumer Price Index to a maximum of 8%. Any inflation above 8% is applied to the pension in subsequent years when the adjustment is less than 8%.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Basis of Presentation**

The financial statements are prepared in accordance with generally accepted accounting principles and present the position of the Plan as a separate entity independent of the sponsors and plan members.

b) Investments

Traded investments are stated at market value in 1991 based on year end market prices. Short term investments are carried at amortized cost. Non-traded investments comprised of the Special Province of Ontario debentures are recorded at face value (see Note 5).

c) Contributions

Contributions from members and sponsors which are due at year end are recorded as receivable. Contributions and matching contributions from buybacks and transfers are recorded when cash is received.

Interim payments from the Province are recorded in the year in which they are received.

d) Pensions

Payments of pensions are recorded in the year in which such payments are made.

e) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the fixed assets as follows:

Computer equipment	5 years
Leasehold improvements	10 years
Furniture and fixtures	10 years

f) Foreign Currency Translation

Foreign currency investments are translated into Canadian dollars at the year end exchange rate. Revenues and related transaction charges are recorded at the prevailing month end rate of exchange.

ONTARIO PENSION BOARD

**Notes To Financial
Statements
December 31,
1991**
4. CHANGE IN ACCOUNTING POLICIES

Accounting policies have been changed, on a prospective basis, to reflect implementation of the CICA accounting standards for general purpose financial statements of pension plans in 1991.

The changes are:

- a) Investments have been valued at market at December 31, 1991 with the exception of the Special Province of Ontario debentures which cannot be traded and are recorded at their face value of \$6.194 billion. The corresponding amount at December 31, 1990 was \$6.225 billion.
- b) The financial statements include additional information on obligations for pension benefits of the Plan.

5. INVESTMENTS

	1991		1990	
	Cost	Market Value	Cost	Market Value
	(000's)		(000's)	
Term deposits	\$ 79,000	\$ 79,000	\$ 69,697	\$ 69,697
Government of Canada treasury bills	140,136	140,136	64,336	64,336
Other cash and short term investments	22,529	22,529	84,779	84,779
Government of Canada bonds	735,100	765,494	380,980	385,483
Province of Ontario bonds	90,488	94,414		
Ontario Hydro bonds	250,482	263,085	164,980	167,278
Other Government bonds	152,501	161,612	110,006	111,307
Corporate bonds and debentures	169,132	177,125	100,152	101,260
Canadian equities	124,755	123,599		
Non-Canadian equities	334,896	379,411	46,677	47,055
Traded Investments	2,099,019	2,206,405	1,021,607	1,031,195
Special Province of Ontario debentures	6,194,481	6,194,481	6,224,695	6,224,695
TOTAL INVESTMENTS	\$ 8,293,500	\$ 8,400,886	\$ 7,246,302	\$ 7,255,890

The estimated market value of the Special Province of Ontario debentures was \$7.931 billion as at December 31, 1991 and \$7.197 billion as at December 31, 1990. These amounts were determined by discounting cash flows based on year end market yields of comparable bonds.

ONTARIO PENSION BOARD

**Notes To
Financial
Statements
December 31,
1991**

6. FIXED ASSETS

	1991			1990
	Cost	Accumulated Depreciation	Net	Net
	(000's)			(000's)
Computer equipment	\$ 1,412	\$ 326	\$ 1,086	\$ 1,075
Leasehold improvements	1,445	149	1,296	1,430
Furniture and fixtures	611	65	546	595
	<u>\$ 3,468</u>	<u>\$ 540</u>	<u>\$ 2,928</u>	<u>\$ 3,100</u>

7. INVESTMENT INCOME

	1991	1990
	(000's)	(000's)
Cash and short term investments	\$ 29,212	\$ 82,054
Bonds and debentures	174,853	12,541
Canadian equities	2,806	
Non-Canadian equities	5,070	14
Special Province of Ontario debentures	702,536	721,446
	<u>\$ 914,477</u>	<u>\$ 816,055</u>

8. COMMITMENTS

The Board is committed under an eleven year lease for office premises at One Financial Place, Toronto, at an annual net rental of \$1 million until 2002.

9. ADMINISTRATION OF THE PLAN

Services were provided during 1990 to the Board by the Ministry of Government Services, Employee Pension and Benefits Administration Branch. The direct administration of the Plan was taken over from the Ministry of Government Services by the Board on January 15, 1991.

ONTARIO PENSION BOARD

**Notes To Financial
Statements
December 31,
1991**
10. OBLIGATIONS FOR PENSION BENEFITS

In accordance with the Act, an initial actuarial valuation of the Plan was completed by the Board's actuaries, William M. Mercer Ltd., as at January 1, 1990 which was subsequently approved by the Chair of the Management Board of Cabinet and the Treasurer of Ontario and filed with the Pension Commission of Ontario. This valuation disclosed an unfunded actuarial liability of \$2.494 billion as at January 1, 1990 based on a liability of \$11.349 billion from which assets of \$8.855 billion were deducted. This amount represented an increase from the original estimate of \$1.9 billion. The Province is required to fund the total unfunded liability by monthly payments over forty years.

A full actuarial valuation is required every three years. The next such valuation is due January 1, 1993. However, the Board's actuaries have produced an estimate of the actuarial obligation by projecting 24 months from January 1, 1990 to December 31, 1991 as follows:

	(000's)
Actuarial present value of accrued pension obligations at January 1, 1990	\$ 11,348,962
Interest on accrued benefits	1,891,243
Benefits accrued	1,057,473
Benefits paid	(992,990)
Actuarial present value of estimated pension obligations at December 31, 1991	<u>\$ 13,304,688</u>

The estimated actuarial value of the assets as at December 31, 1991 is \$10.615 billion.

The foregoing method is the method of valuation required under the Act and it is this method upon which funding decisions must be based. However, the Board is required to report under the new reporting standard set by the Canadian Institute of Chartered Accountants which requires that pension obligations be calculated using best estimate assumptions and the projected benefit method pro-rated on services. Using this method the present value of estimated pension obligations would be \$11.444 billion rather than \$13.305 billion at December 31, 1991.

ONTARIO PENSION BOARD

**Notes To
Financial
Statements
December 31,
1991**

11. ONTARIO PROVINCIAL POLICE EARLY RETIREMENT BENEFIT

Under the Act, the Board is required to report annually on the early retirement benefit provided by the Plan to members who are employed by the Ontario Provincial Police Force (OPP). This early retirement benefit is available to OPP Plan members who are 50 years of age and have 30 years of credited service in the Plan. OPP Plan members contribute 2% of their salary to the Plan in addition to the regular 8% contribution amount. This contribution is matched by the sponsor.

The position of the OPP early retirement benefit was included in the initial actuarial valuation as at January 1, 1980. The value of projected future contributions and benefits included in the initial actuarial valuation was updated to reflect actual contributions received and benefit payments made during the period to December 31, 1991. This method produces a reasonable estimate of the financial position of this benefit according to the Board's actuaries.

The status of the OPP early retirement benefit as at December 31, 1991 was as follows:

	(000's)
Assets allocated to payment of OPP early retirement benefit	\$ 21,398
Actuarial value of future contributions from OPP members and sponsor	<u>58,929</u> 80,327
Actuarial obligation of future OPP retirements	(72,404)
Assets available in excess of obligations	<u>\$ 7,923</u>

Auditor's Report

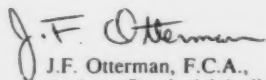
To Ontario Place Corporation and
to the Minister of Tourism and Recreation.

I have audited the balance sheet of Ontario Place Corporation as at March 31, 1992 and the statement of operations and deficit for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992, and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Toronto, Ontario,
July 10, 1992.


J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

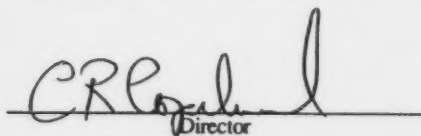
ONTARIO PLACE CORPORATION

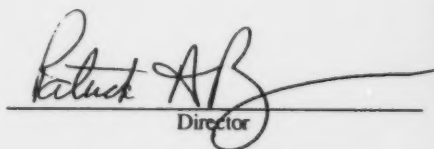
Balance Sheet
as at March 31, 1992

Assets	1992 \$	1991 \$
Current Assets		
Cash and short term deposits	563,926	1,487,066
Accounts receivable	251,108	92,951
Inventory		
- supplies	195,307	86,195
- resale	24,990	18,527
Prepaid expenses	<u>100,639</u>	<u>63,516</u>
	<u>1,135,970</u>	<u>1,748,255</u>
Liabilities and Retained Income (Deficit)		
Current Liabilities		
Accounts payable and accrued liabilities	1,332,671	1,044,637
Accrued realty taxes	260,796	251,838
Deferred income	<u>242,263</u>	<u>182,525</u>
	1,835,730	1,479,000
Retained Income (Deficit)	<u>(699,760)</u>	<u>269,255</u>
	<u>1,135,970</u>	<u>1,748,255</u>

See accompanying notes and schedules to financial statements.

Approved on behalf of the Corporation.


Director


Director

ONTARIO PLACE CORPORATION

Statement of Operations and Deficit
for the year ended March 31, 1992

	1992 \$	1991 \$
Operating income (Schedule 1)	13,452,026	14,214,063
Province of Ontario operating grant	<u>6,420,000</u>	<u>6,446,800</u>
	<u>19,872,026</u>	<u>20,660,863</u>
Administrative and operating expenditures (Schedule 2)	<u>20,734,478</u>	<u>20,316,202</u>
Net operating income/(loss)	<u>(862,452)</u>	<u>344,661</u>
Province of Ontario capital grant	6,591,000	2,895,000
Capital expenditures	<u>6,697,563</u>	<u>(3,119,815)</u>
	<u>(106,563)</u>	<u>(224,815)</u>
Net income (loss) for the year	(969,015)	119,846
Retained income, beginning of year	<u>269,255</u>	<u>149,409</u>
Retained income (deficit), end of year	<u>(699,760)</u>	<u>269,255</u>

See accompanying notes and schedules to financial statements.

ONTARIO PLACE CORPORATION

Schedule 1
Schedule of Operating Income
for the year ended March 31, 1992

	1992 \$	1991 \$
Admissions (note 2)	1,143,186	6,370,116
Forum ticket sales (note 2)	2,163,903	—
Cinesphere admissions (note 2)	1,345,433	221,790
Parking	1,743,200	1,551,804
Other revenue attractions	1,367,035	1,245,651
Concessions (note 3)	2,036,432	1,666,938
Sponsorship revenue	1,350,000	1,055,000
Gross profit - winter program	1,029,683	616,729
Marina	602,613	599,715
Interest income	189,578	358,507
Other	480,963	527,813
	<u>13,452,026</u>	<u>14,214,063</u>

Schedule 2
Schedule of Administrative and Operating Expenditures
for the year ended March 31, 1992

Salaries and wages	7,608,290	7,284,121
Employee benefits	983,501	863,523
Programming and entertainment	3,468,174	3,191,645
Advertising	2,201,298	2,138,337
Site maintenance and miscellaneous services	2,076,187	2,226,533
Realty taxes	1,097,196	1,157,702
General and office	1,185,148	1,261,750
Utilities	944,765	863,887
Supplies	558,905	641,918
Security services	517,376	450,139
Films	53,254	153,844
Directors' fees	18,785	24,520
Sponsorship expenditures	21,599	58,283
	<u>20,734,478</u>	<u>20,316,202</u>

See accompanying notes to financial statements.

ONTARIO PLACE CORPORATION

Notes to Financial Statements
March 31, 1992

1. SIGNIFICANT ACCOUNTING POLICIES

- (a) These financial statements have been prepared in accordance with generally accepted accounting principles except that the corporation charges all additions to fixed assets to expenditures in the year of acquisition and credits all capital and special grants to income in the year received.
- (b) Supplies inventory is valued at cost. Resale inventory is valued at the lower of cost, determined on a first in first out basis, or net realizable value.

2. CHANGE IN PARK ADMISSION POLICY

For the 1991 operation season the Corporation allowed free admission into the grounds with the exception of the five fireworks days and the twenty days the Canadian National Exhibition (C.N.E.) was in operation. New admission fees were charged on forum and cinesphere shows that previously would have been included with park admission except for the Cinesphere during the C.N.E. period.

3. CONCESSIONS

Concession revenue includes rents from concessionaires and the Trillium Restaurant which is operated by a private firm under a management agreement.

4. PENSION PLAN

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the province of Ontario. The Corporation's share of contributions to the Fund during the year was \$336,000 (1991 - \$294,000) and is included in employee benefits in the schedule of administrative and operating expenditures. This amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments, amounting to \$100,000 in the current year, will continue over the next 38 years.

5. CONTINGENT LIABILITIES

In July 1989, the Corporation, former chairman, and two former general managers were named as defendants in an action commenced by a concessionaire. Claimed damages total \$11.5 million. The Corporation has also been named as defendant in two separate actions commenced in April and July of 1991 by concessionaires. Total claimed damages amount to \$3 million. In all three actions the Corporation believes it has a strong case, and is vigorously defending the actions. The costs to the Corporation, if any, cannot be determined at this time.

6. COMPARATIVE FIGURES

The 1991 comparative figures have been reclassified where necessary to conform with 1992 financial statement presentation.

ONTARIO TEACHERS' PENSION PLAN

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AND ACCRUED PENSION BENEFITS**

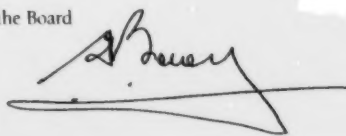
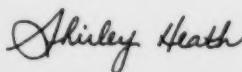
as at December 31, 1991

(\$000's)	1991	1990
NET ASSETS		
Assets		
Investments (note 4(a))	23,969,732	19,456,242
Receivable from Province of Ontario		
Employer contributions	1,059,409	848,701
Interest on employer contributions	130,420	96,182
	1,189,829	944,883
Cash	7,950	-
Fixed assets (note 2)	1,477	-
	25,168,988	20,401,125
Liabilities		
Bank indebtedness	-	2,534
Accounts payable and accrued liabilities	2,036	13,397
Payable to brokers	470,087	260,862
	472,123	276,793
Net assets available for benefits	24,696,865	20,124,332
Market value adjustment (note 4(b))	(883,000)	709,000
Actuarial value of net assets available for benefits	23,813,865	20,833,332
ACCRUED PENSION BENEFITS		
Actuarial value of accrued pension benefits (note 5)	27,479,000	24,391,000
Deficiency	3,665,135	3,557,668

On behalf of the Board

Chairperson

Board Member

ONTARIO TEACHERS' PENSION PLAN

**STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS**

for the year ended December 31, 1991

(\$000's)	1991	1990
Revenue		
Investment income (note 6)	1,896,440	1,957,716
Unrealized change in market value of investments (note 6)	1,947,145	(926,357)
	3,843,585	1,031,359
Contributions (note 8)	1,529,804	1,300,448
Repayments of refunds	29,181	13,342
Transfers from other plans	24,390	19,262
	5,427,160	2,364,411
Expenditures		
Benefits paid (note 9)	806,427	741,938
Refunds of contributions	11,272	11,180
Transfers to other plans	11,527	6,816
Administrative expenses (note 10)	25,401	20,303
	854,627	780,237
Increase in net assets	4,572,533	1,584,174
Net assets available for benefits at beginning of year	20,124,332	18,540,158
Net assets available for benefits at end of year	24,696,865	20,124,332

ONTARIO TEACHERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 1991

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Presentation**

These financial statements present the aggregate financial position of the Ontario Teachers' Pension Plan (the Plan) as a separate financial reporting entity, independent of the co-sponsors and Plan members.

(b) Investments

Investments are stated at market value and are recorded as of the trade date. Province of Ontario debentures, which are not marketable, are recorded at estimated market values calculated by discounting cash flows based on year-end market yields of comparable securities. Money market securities are carried at amortized cost, which approximates market value. Bonds and stocks are valued at year-end market prices. Real estate investments are valued on the basis of independent appraisals.

The Plan uses interest rate futures and options to hedge interest rate exposure on its non-marketable debenture portfolio. Interest rate futures and options are recorded at market value and the resulting gains or losses are recognized in income.

Gains and losses on the sale of investments are determined using average cost and are credited or charged to investment income.

Dividends are accrued as of the ex-dividend date.

(c) Contributions from the Province of Ontario

Special and interim payments from the Province of Ontario (the Province) on the unfunded liability are recorded in the year in which they are received.

(d) Foreign Currency Translation

Foreign currency transactions are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. The market value of investments and cash balances denominated in foreign currencies included in the statement of net assets are translated at the rates in effect at year end. The resulting unrealized gain or loss is included in the statement of changes in net assets available for benefits.

(e) Benefits

Payments for benefits, refunds and transfers are recorded in the year in which they are made.

1. DESCRIPTION OF PLAN

The following description of the Plan is a summary only. For more complete information, reference should be made to the Teachers' Pension Act (the Act).

(a) General

The Plan is a contributory defined benefit pension plan co-sponsored by the Province and Plan members and is mandatory for most persons who are eligible to be Plan members. Contributions are made by active members of the Plan, designated private schools and organizations, and the Province. The Plan is registered with the Pension Commission of Ontario as number C008450.

(b) Funding

Plan benefits are funded by contributions and investment earnings derived from contributions. The determination of the value of the benefits is made on the basis of actuarial valuations (see note 5). Subsection 5(3) of the Act provides that the Province is to pay any annual cash flow deficiencies after the disposal of all saleable Plan assets.

(c) Retirement pensions

A retirement pension is available based on the number of years of credited service, best five-year average salary and age of the member at retirement. A member is eligible for a reduced retirement pension from age 55. An unreduced pension is available at age 65 or at any age if the sum of a member's age and service equals 90.

(d) Disability pensions

A disability pension is available at any age to a disabled member with a minimum of 10 years of credited service. The type of disability pension is determined by the extent of the disability.

(e) Death benefits

Death benefits are available on the death of a member and may be available on the death of a pensioner. The benefit may take the form of a survivor pension, a lump sum payment, or both.

(f) Additional credited service

Members can acquire additional credited service in the Plan for leaves of absence, breaks in service or transfers from other plans.

(g) Withdrawals from the Plan

Subject to the lock-in provisions, withdrawal refunds and transfers, with interest, are available when a member ceases to be employed in education.

ONTARIO TEACHERS' PENSION PLAN

Notes to Financial Statements
for the year ended December 31, 1991**(h) Income taxes**

The Plan is a Registered Pension Plan as defined in the Income Tax Act and, consequently, is not subject to income taxes. The Plan's registration number is 0345785.

(i) Escalation of benefits

Pension benefits are adjusted for inflation at 100 per cent of the Consumer Price Index, subject to a limit of 8 per cent in any one year with any excess carried forward.

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 1991, the Plan changed its method of accounting for fixed assets on a prospective basis. Previously fixed assets were charged to operations as they were acquired.

Fixed assets are now capitalized and depreciated over their estimated useful life. This change results in a more appropriate matching of depreciation expense with on-going revenues. The effect of this change on the 1991 and prior years' results was not material and, accordingly, prior years' results have not been restated.

**3. TEACHERS' PENSION ACT, 1989 AND
TEACHERS' PENSION STATUTE
LAW AMENDMENT ACT, 1991**

Effective December 31, 1989 the Ontario legislature changed the statute governing the Plan. The Teachers' Pension Act, 1989 repealed the former legislation but continued the plan set out in the former act, including the related benefits provided under the Superannuation Adjustment Benefits Act.

The Teachers' Pension Act, 1989 also named the Ontario Teachers' Pension Plan Board (the Board) as the administrator of the Plan and manager of the pension fund. The Teachers' Superannuation Fund was continued under a new name, the Ontario Teachers' Pension Fund, as the pension fund maintained to provide plan benefits.

In December 1991, the Ontario legislature passed the Teachers' Pension Statute Law Amendment Act, 1991 (the Amendment Act). The purpose of the Amendment Act is to allow for the implementation of an equal partnership between the Province and the Plan members for the sponsorship, management and financial responsibility of the Plan. The Amendment Act came into force on January 1, 1992.

Under the Amendment Act, the Province and the Plan members will eventually share in future experience gains or losses equally. This sharing will be phased in over a five-year period based upon actuarial valuations as follows:

	Portion to be shared equally between Plan members and the Province
Jan 1, 1990-Dec 31, 1991	0%
Jan 1, 1992-Dec 31, 1993	40%
Jan 1, 1994-Dec 31, 1996	60%
After January 1, 1997	100%

Until December 31, 1996, the Province will use the unshared portion of any gains to reduce its contributions towards the January 1, 1990 unfunded liability. The Province will remit to the fund the unshared portion of any losses by making special contributions over a period not to exceed 15 years.

The province and the members are required to reach a common agreement regarding the disposition of the shared portion of any gain or loss. Gains can be applied to decrease the contribution rate or to improve benefits. Losses are expected to be eliminated by an increase in contribution rates.

ONTARIO TEACHERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 1991

4. INVESTMENTS

(a) Investments consist of the following:

(\$000's)	1991		1990	
	Market Value	Cost	Market Value	Cost
Province of Ontario debentures	18,189,737	15,944,065	16,449,120	15,964,917
Short term securities				
Treasury bills and short term notes	568,729	568,729	1,313,161	1,313,161
Term deposits	210	210	72,000	72,000
	568,939	568,939	1,385,161	1,385,161
Equities				
Canadian	2,618,499	2,537,631	519,862	505,776
Foreign	1,795,719	1,504,165	806,680	775,029
	4,414,218	4,041,796	1,326,542	1,280,805
Canadian bonds	601,527	583,833	295,419	296,530
Real estate	179,629	179,629	-	-
Mortgages	15,682	15,682	-	-
	23,969,732	21,333,944	19,456,242	18,927,413

Included above is accrued interest and dividends of \$519,854 (1990 - \$502,462).

(b) The actuarial value of net assets available for benefits has been determined at amounts that reflect long-term market trends (consistent with assumptions underlying the valuation of the accrued pension benefits). This value is obtained by adjusting market values to recognize any difference between the actual and expected returns on the Fund uniformly over five years. The impact of this adjustment was to reduce the net assets available for benefits by \$883 million compared with an increase of \$709 million in 1990.

5. OBLIGATIONS FOR PENSION BENEFITS

The present value of accrued pension benefits was determined in accordance with generally accepted accounting principles for pension plans using the projected benefit method prorated on service and the Board's best estimate assumptions. The actuarial method and assumptions differ from those used in the determination of the pension obligations for funding purposes as described in note 7. An actuarial valuation was made as of January 1, 1991, by William M. Mercer Limited, a firm of consulting actuaries, and was then extrapolated to December 31, 1991.

The actuarial present value of benefits as at December 31 and the principal components of changes in actuarial present values during the year were estimated to be:

(\$000's)	1991	1990
Actuarial present value of accrued pension benefits at beginning of year	24,391,000	21,912,000
Interest accrued on benefits	2,588,000	2,309,000
Benefits accrued	1,180,000	923,000
Benefits paid	(818,000)	(753,000)
Amendments to the Plan	(305,000)	-
Change in actuarial assumptions	164,000	-
Experience losses	279,000	-
Actuarial present value of accrued pension benefits at end of year	27,479,000	24,391,000

ONTARIO TEACHERS' PENSION PLAN

Notes to Financial Statements
for the year ended December 31, 1991

The decrease in actuarial present value of accrued pension benefits due to Plan amendments relates to the removal of the 35-year maximum for eligible service.

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the valuation were:

	1991	1990
Asset rate of return		
until 2000	10.25%	10.50%
thereafter	9.25%	9.25%
Salary escalation rate	5.75%	6.00%
Inflation rate	4.50%	4.50%

6. INVESTMENT INCOME

(\$000's)	1991	1990
Interest income		
Cash and short-term securities	96,336	188,036
Province of Ontario debentures	1,595,694	1,762,762
Canadian bonds	69,371	1,022
Mortgages	457	-
	1,761,858	1,951,820
Dividend income		
Canadian equities	57,289	2,531
Foreign equities	39,657	3,193
	96,946	5,724
Real estate	3,565	-
	1,862,369	1,957,544
Realized gain on investments	34,071	172
	1,896,440	1,957,716
Unrealized change in market value of investments	1,947,145	(926,357)
	3,843,585	1,031,359

7. FUNDING POLICY

In accordance with the Teachers' Pension Act, 1989 active members are required to contribute 8.9 per cent of their salary to the Plan.

In accordance with the Teachers' Pension Act, 1989 the Province was required to provide the balance of the funding necessary to ensure that benefits will be fully provided for at retirement, based on a going concern valuation of the Plan as at January 1, 1990. This initial actuarial valuation was prepared by William M. Mercer Limited in accordance with the requirements of the Teachers' Pension Act, 1989 and the Pension Benefits Act, 1987 and has, by the nature of the assumptions used, produced an unfunded actuarial liability that is higher than the deficiency determined for accounting purposes.

The unfunded actuarial liability of \$7.8 billion disclosed by this initial valuation will be liquidated by the Province over the 40 years commencing January 1, 1990 by special payments. These monthly payments are estimated as a constant percentage of the projected future earnings upon which benefits are calculated over the next 40 years for all active members of the Plan during that time.

Beginning January 1, 1990, and until the initial valuation was filed with the Pension Commission of Ontario (the Commission), the Province was required to make interim monthly payments as set out in the Teachers' Pension Act, 1989. The difference between the payments made prior to the filing of the initial valuation on October 1, 1991 and the payments required during that period will be made by the Province, with interest, within 15 months of the Commission's approval of the initial valuation. The difference between the payments made and the payments required by the initial valuation amounted to \$149 million.

The Province may prepay the special payments, with the appropriate adjustment for interest.

The Teachers' Pension Act, 1989 also required the initial valuation to determine the contribution rate which ensures that future contributions cover future benefits and expenses. Based upon the initial valuation the contribution rate remained at 8.9 per cent.

ONTARIO TEACHERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 1991

8. CONTRIBUTIONS

(\$000's)	1991	1990
Members		
Current service	560,612	506,704
Optional credit	36,298	18,639
Province of Ontario		
Current service (including interest of \$97,320; 1990-\$74,782)	654,329	579,483
Unfunded liability	269,707	187,275
Other employers		
Current service	8,858	8,347
	1,529,804	1,300,448

9. BENEFITS PAID

(\$000's)	1991	1990
Retirement pensions	733,225	673,536
Disability pensions	21,404	20,113
Death benefits		
Survivor pensions	47,344	44,420
Lump sum payments	4,454	3,869
	806,427	741,938

10. ADMINISTRATIVE EXPENSES

(\$000's)	1991	1990
Salaries and benefits	13,720	11,506
Premises and equipment	4,293	3,794
Professional consulting services	2,505	1,946
Communication and travel	1,873	1,785
Investment management fees	1,323	55
Custodial and banking fees	747	312
Stationery and supplies	537	564
Board and committee remuneration	146	148
Audit fees	136	82
Publications and regulatory fees	63	41
Other	58	40
	25,401	20,303

11. CONTINGENCIES

- (a) A claim has been made against the Plan because of corrective steps taken by the Board in September 1986 in order to conform to a legal interpretation of a previous act. These steps have resulted in the reduction of approximately 1,500 pensions on a prospective basis. The Supreme Court of Ontario has agreed with the Board's interpretation with respect to this claim, but the claimant has appealed.
- (b) In 1991 certain members asked the court to order the Board to accept their applications to purchase credit for their breaks in service following occasional teaching. The court agreed with the members' interpretation of the plan and issued the requested order. Many other members who were occasional teachers may apply to purchase credit on the same basis. The Board estimates that, if all these possible purchases were made, the Plan will be liable to a further potential actuarial cost of \$576 million. The Board has appealed to the Ontario Court of Appeal.

The outcomes of these two appeals cannot be reasonably determined at this time. Accordingly, no provision for them has been made in these financial statements. Any settlements will be recorded in the year they are made.

12. COMMITMENTS

- (a) As at December 31, 1991, the Plan is committed to fund various investments of approximately \$98 million.
- (b) The Plan is committed under a lease for office premises to annual lease payments of \$1.3 million for 1992 and \$1.8 million for each of the years 1993 to 1997.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for 1991.

AUDITORS' REPORT TO THE ADMINISTRATOR

We have audited the statement of net assets available for benefits and accrued pension benefits of the Ontario Teachers' Pension Plan as at December 31, 1991 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Plan as at December 31, 1991 and the changes in its net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants

Toronto, Canada

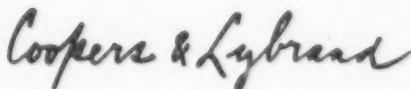
February 7, 1992

AUDITORS' REPORT**TO THE SHAREHOLDER OF THE ONTARIO TRANSPORTATION
DEVELOPMENT CORPORATION**

We have audited the balance sheet of The Ontario Transportation Development Corporation as at December 31, 1991 and the statement of operations and deficit for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in cursive script that reads "Coopers & Lybrand".

Chartered Accountants

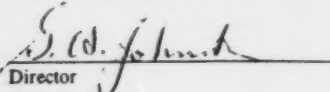
Toronto, Ontario
June 12, 1992

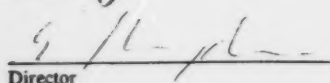
The Ontario Transportation Development Corporation

Balance Sheet as at December 31, 1991

	1991	1990
Assets		
Cash	\$ 82,714	\$ -
Investment In Urban Transportation Development Corporation Ltd. (note 2)	9,108,746	20,424,000
Interest Receivable	12,568	71,465
	<u>\$ 9,204,028</u>	<u>\$ 20,495,465</u>
Liabilities		
Bank Indebtedness	\$ -	\$ 1,718,355
Due To Urban Transportation Development Corporation Ltd.	-	4,708,871
	-	<u>6,427,226</u>
Shareholder's Equity		
Capital Stock		
Authorized -		
50,000 non-voting special shares with no par value		
20,000,000 common shares of no par value		
Issued -		
3,700,000 common shares	11,100,000	11,100,000
Contributed Surplus (note 3)	408,076.163	396,187,524
	<u>419,176.163</u>	<u>407,287,524</u>
Deficit	409,972.135	393,219,285
	<u>9,204,028</u>	<u>14,068,239</u>
	<u>\$ 9,204,028</u>	<u>\$ 20,495,465</u>

SIGNED ON BEHALF OF THE BOARD


Director


Director

The Ontario Transportation Development Corporation

Statement of Operations and Deficit

For the year ended December 31, 1991

	1991	1990
Interest Income	\$ 621,150	\$ -
Write-Down Of Investment In Urban Transportation Development Corporation Ltd. (note 2)	(17,374,000)	(4,900,000)
Interest Expense	-	(44,095,751)
Loss For the Year	16,752,850	(48,995,751)
Deficit - Beginning of Year	393,219,285	344,223,534
Deficit - End of Year	<u>\$ 409,972,135</u>	<u>\$ 393,219,285</u>

The Ontario Transportation Development Corporation

Notes to Financial Statements

For the year ended December 31, 1991

1. Significant Accounting Policies

The financial statements of the Corporation have been prepared by management in accordance with accounting principles generally accepted in Canada.

Investment in Urban Transportation Development Corporation Ltd.

Investment in Urban Transportation Development Corporation Ltd. is accounted for on an equity basis.

Translation of foreign currencies

The Corporation's U.S. bank indebtedness has been converted to Canadian funds at the year end rate of exchange. Urban Transportation Development Corporation Ltd. ("UTDC Ltd.") will assume the current and future gains or losses on the US bank indebtedness of the Corporation.

2. Investment In Urban Transportation Development Corporation Ltd.

In view of the financial position of UTDC Ltd., it was considered appropriate to write down the investment to the net equity position as at December 31, 1991.

3. Contributed Surplus

During the year, the Corporation received \$11,888,639 from the Government of Ontario in order to fund the operations of UTDC Ltd. and to repay the bank indebtedness.

ONTARIO WASTE MANAGEMENT CORPORATION

**Management's
Responsibility for
the Financial
Statements**

The financial statements of the Ontario Waste Management Corporation are the responsibility of management and have been prepared in accordance with generally accepted accounting principles.

A system of accounting and administrative controls is maintained by management in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained to provide timely, accurate and reliable financial statements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls.

The financial statements have been audited by the Provincial Auditor who was appointed by the Ontario Waste Management Corporation Act, 1981. The Auditor's Report, which follows, outlines the scope of their examination and their opinion. The auditors have full and unrestricted access to the Board of Directors to discuss their audit and their findings as to the integrity of the Corporation's financial reporting and the adequacy of the system of internal controls.

The financial statements have been approved by the Board of Directors.

Chairman and President
Toronto, Canada
June 12, 1992

Director, Administration
and Finance and
Chief Financial Officer

Auditor's Report

To the Ontario Waste Management Corporation
and to the Minister of the Environment.

I have audited the statement of financial position of the Ontario Waste Management Corporation as at March 31, 1992 and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with the generally accepted accounting principles.

Toronto, Ontario,
June 12, 1992.

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

ONTARIO WASTE MANAGEMENT CORPORATION

Statement of
Financial Position

as at March 31, 1992

ASSETS

Current

Cash (note 2) 31
Sundry receivables 130
Prepaid expenses 59

Fixed (note 3)

220
561

Current

Accounts payable and accrued liabilities 2,272

Deficit

(1,491)

See accompanying notes to financial statements.

On behalf of the Board:

Da - Chant
Chairman

James D. King
Vice-Chairman

1992 (\$000's)	1991 (\$000's)
31	282
130	127
59	31
220	440
561	630
781	1,070
2,272	2,097
(1,491)	(1,027)
781	1,070

Statement of
Operations and
Deficit

For the year ended March 31, 1992

Revenue

Grants from Province of Ontario 12,500
Other 214

Expenditure

Hearings 4,687
Salaries and benefits 4,246
Facilities development 1,230
Site assessment 788
Office and general 768
Occupancy 644
Waste reduction and market assessment 294
Depreciation 196
Management consultants 149
Publications 127
Technical communication services 25
Directors' fees and expenses 24

Excess (deficiency) of revenue over expenditure

Deficit, beginning of year

Deficit, end of year

See accompanying notes to financial statements

1992 (\$000's)	1991 (\$000's)
12,500	14,400
214	289
12,714	14,689
4,687	4,558
4,246	3,880
1,230	1,665
788	987
768	1,073
644	631
294	436
196	182
149	334
127	222
25	124
24	19
13,178	14,111
(464)	578
(1,027)	(1,605)
(1,491)	(1,027)

ONTARIO WASTE MANAGEMENT CORPORATION

Statement of Changes in Financial Position

For the year ended March 31, 1992

	1992 (\$000's)	1991 (\$000's)
Cash provided by operating activities		
Excess (deficiency) of revenue over expenditure	(464)	578
Charge to operations not requiring a current cash payment - depreciation	196	182
	(268)	760
Net change in non-cash working capital balances	144	(651)
Cash provided by operations	(124)	109
Cash used in investing activities		
Additions to fixed assets	(127)	(288)
Net (decrease) in cash during the year	(251)	(179)
Cash, beginning of year	282	461
Cash, end of year	31	282

See accompanying notes to financial statements

Notes to Financial Statements

March 31, 1992

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared by management in accordance with generally accepted accounting principles.

(b) Fixed assets

Fixed assets are recorded at cost. Depreciation for furniture and equipment is computed on the declining balance basis at rates of 20 per cent to 30 per cent designed to amortize the cost of these assets over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the terms of the leases.

2. FUNDING TO INTERVENORS

As part of the approval process for the construction of a proposed waste disposal facility, a public hearing to address environmental and other related issues commenced in 1989 before a Joint Board established under the Consolidated Hearings Act.

The Province has committed approximately \$4.0 million to be provided to eligible parties (intervenor) to finance their cost of preparation and appearance at this hearing. An independent Funding Panel, appointed under the Intervenor Funding Project Act, 1988, is responsible for the allocation of this funding. Payments to the intervenors are made by the Corporation on directions from the Funding Panel.

For the four years ending March 31, 1992, the Corporation had received \$4.0 million from the Province. Payments to intervenors during the 1992 fiscal year amounted to \$757,000 (1991 - \$1,373,000, 1990 - \$985,000 and 1989 - \$33,000). The unexpended balance of \$852,000 is available for payment to the intervenors when directed by the independent Funding Panel. These amounts are not reflected in the financial statements.

ONTARIO WASTE MANAGEMENT CORPORATION

Notes to Financial Statements

March 31, 1992

1. FIXED ASSETS

	1992			1991
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Furniture	318	222	96	108
Equipment	953	488	465	504
Leasehold improvements	191	191	0	18
	<u>1,462</u>	<u>901</u>	<u>561</u>	<u>630</u>

4. PENSION PLAN

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$290,154 (1991 - \$249,273) and is included in salaries and benefits in the Statement of Operations and Deficit. This amount includes both current contributions and additional payments of \$69,290 (1991 - \$60,268) required to cover the Corporation's share of the Fund's unfunded liabilities as at January 1, 1990. These additional payments are being made over 40 years commencing January 1, 1990.

5. LEASE COMMITMENTS

The Corporation is committed, under operating leases on premises and equipment, to future minimum payments until October, 1997 due as follows:

	(\$000's)
1993	426
1994	262
1995	261
1996	227
1997	205
THEREAFTER	<u>116</u>
	<u>1,497</u>

6. CONTINGENT LIABILITY

In May, 1987 the Corporation entered into an agreement with Ontario Hydro for work related to the supply of electricity to the Corporation's proposed waste disposal facility. The cost for such work, including accrued interest, is currently estimated at \$179,000 and will only be charged to the Corporation if construction of the facility does not proceed. Approval by the Joint Board established under the Consolidated Hearings Act, and by the Provincial Cabinet, to construct the facility has not taken place as at March 31, 1992. In the event that the amount becomes payable, it will be charged to operations in the period that this determination is made.

7. INCOME TAXES

As a Crown Corporation of the Province of Ontario, the Corporation is exempted from income taxes.

8. COMPARATIVE FIGURES

Prior year's figures have been reclassified where necessary to conform to the current year's presentation.

Auditor's Report

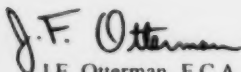
To the Public Trustee for the Province of Ontario and
to the Attorney General.

I have audited the balance sheet of the Public Trustee for the Province of Ontario as at March 31, 1992 and the statements of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Public Trustee's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Public Trustee for the Province of Ontario as at March 31, 1992 and the results of his operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

Toronto, Ontario,
June 25, 1992



J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

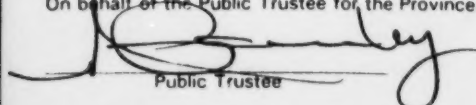
THE PUBLIC TRUSTEE FOR THE PROVINCE OF ONTARIO

Balance Sheet
March 31, 1992

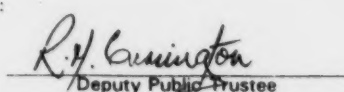
	1992 (\$000's)	1991 (\$000's)
Assets		
Estates and Trusts		
Cash in bank	\$ 1,432	\$ 224
Bonds and other debt issue	119,864	159,884
Funds invested (schedule A)	326,413	256,113
Real estate	80,242	78,006
Stocks and other securities	15,627	12,104
Mortgages and loans receivable	2,004	1,722
Life insurance	2,795	2,557
Other	4,734	5,713
	<u>553,111</u>	<u>516,323</u>
Deduct mortgages and loans payable	<u>2,100</u>	<u>1,414</u>
	<u>551,011</u>	<u>514,909</u>
Administration Fund (note 3)		
Cash in bank	165	120
Accounts receivable	12	
Funds invested (schedule A)	<u>8,299</u>	<u>9,922</u>
	<u>8,476</u>	<u>10,042</u>
	<u>\$559,487</u>	<u>\$524,951</u>
Liabilities and Surplus		
Estates and Trusts		
Client estates	\$462,045	\$425,532
Crown estates	47,261	47,397
Charities trusts	68	32
Probable escheats (note 4)	5,637	6,703
Executorship estates	18,168	19,693
Cemetery trusts	9,278	8,628
Corporate trusts	2,637	2,552
Forfeited corporate assets	1,698	1,623
Unclaimed balances	1,287	1,239
Indian trusts	-	84
Child-welfare trusts	-	3
Unadministered estates	2,195	638
Liability to government agencies	721	785
Other liabilities	16	-
	<u>551,011</u>	<u>514,909</u>
Administration Fund (note 3)		
Current liabilities	815	737
Due to Treasurer of Ontario re forfeited funds of companies	-	4,665
Assurance Fund (note 5)	200	200
Litigation Reserve Fund (note 6)	300	300
Allowance for Doubtful Accounts Fund (note 7)	<u>100</u>	<u>-</u>
	<u>1,415</u>	<u>5,902</u>
Surplus	<u>7,061</u>	<u>4,140</u>
	<u>8,476</u>	<u>10,042</u>
	<u>\$559,487</u>	<u>\$524,951</u>

See accompanying schedules and notes to financial statements.

On behalf of the Public Trustee for the Province of Ontario:



Public Trustee



Deputy Public Trustee

THE PUBLIC TRUSTEE FOR THE PROVINCE OF ONTARIO

Statement of Revenue and Expenditure
year ended March 31, 1992

	1992 (\$000's)	1991 (\$000's)
Revenue		
Fees collected		
Client estates	\$ 7,262	\$ 6,339
Crown estates	940	600
Probable escheats	37	43
Executorship estates	201	192
Charities trust	128	255
Cemetery trusts	50	40
Corporate trusts	48	55
Forfeited corporate assets	67	73
	<u>8,733</u>	<u>7,597</u>
Bank interest	52	74
Income from funds invested, net (schedule B)	<u>5,677</u>	<u>6,492</u>
	<u>14,462</u>	<u>14,163</u>
Expenditure		
Salaries and wages	7,359	7,133
Employee benefits (note 8)	1,233	1,335
Services	1,632	2,001
Supplies and equipment	295	374
Transportation and communication	<u>296</u>	<u>393</u>
	<u>10,815</u>	<u>11,236</u>
Excess of Revenue over Expenditure	<u>\$ 3,647</u>	<u>\$ 2,927</u>

Statement of Surplus
March 31, 1992

	1992 (\$000's)	1991 (\$000's)
Balance, beginning of year	\$ 4,140	\$ 28,608
Excess of revenue over expenditure	<u>3,647</u>	<u>2,927</u>
	7,787	31,535
Transfer to Consolidated Revenue Fund (note 3)	(335)	(27,000)
Reimbursement of claims on Assurance Fund	(2)	(40)
Transfer to establish Litigation Reserve Fund (note 6)	-	(300)
Reimbursements of claims on Litigation Reserve Fund	(289)	(55)
Transfer to establish Allowance for Doubtful Accounts Fund (Note 7)	<u>(100)</u>	<u>-</u>
Balance, end of year	<u>\$ 7,061</u>	<u>\$ 4,140</u>

See accompanying schedules and notes to financial statements.

THE PUBLIC TRUSTEE FOR THE PROVINCE OF ONTARIO

SCHEDULE A

Details of Funds Invested
March 31, 1992

	1992 (\$000's)	1991 (\$000's)
Short term investments	\$163,093	\$ 85,129
Long term investments (schedule C)	160,952	171,448
Accrued interest	10,600	8,912
Cash in bank	<u>67</u>	<u>546</u>
	<u>\$334,712</u>	<u>\$266,035</u>
Allocated as follows:		
Estates and Trusts	\$326,413	\$256,113
Administration Fund (note 3)	<u>8,299</u>	<u>9,922</u>
	<u>\$334,712</u>	<u>\$266,035</u>

Income from Funds Invested
year ended March 31, 1992

SCHEDULE B

	1992 (\$000's)	1991 (\$000's)
Interest earned on investments	\$ 29,286	\$ 21,180
Interest earned on bank accounts	<u>535</u>	<u>1,363</u>
	29,821	22,543
Deduct interest allowed	<u>24,144</u>	<u>16,051</u>
Income from funds invested, net	<u>\$ 5,677</u>	<u>\$ 6,492</u>

Details of Long Term Investments
March 31, 1992

SCHEDULE C

	1992 (\$000's)	1991 (\$000's)
Ontario Hydro	\$ 23,014	\$ 33,046
Provincial Governments	22,968	29,952
Financial Institutions	<u>114,970</u>	<u>108,450</u>
Cost	<u>\$160,952</u>	<u>\$171,448</u>
Par value	<u>\$161,000</u>	<u>\$171,400</u>
Market value	<u>\$162,294</u>	<u>\$171,726</u>

See accompanying schedules and notes to financial statements.

THE PUBLIC TRUSTEE FOR THE PROVINCE OF ONTARIO

Notes to the Financial Statements
March 31, 1992**1. GENERAL**

The Public Trustee performs duties under a number of statutes, with the following main responsibilities:

- the management of estates of mentally incompetent individuals;
- the administration of estates of persons who die in Ontario intestate and without next-of-kin;
- the gathering of assets on behalf of the Crown under the Escheats Act when there is no known owner of those assets or the owner is a corporation no longer in existence; and
- a general supervisory role over charities.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of accounting**

Fees collected, bank interest and expenditure are recorded on a cash basis of accounting which, for expenditure, is modified to allow an additional thirty days to pay for debts incurred during the fiscal year just ended. Net income from funds invested is recorded on an accrual basis.

(b) Funds invested

Funds are invested in income producing short term investments or bonds which are normally held until maturity. These securities are shown at cost adjusted for the amortization of premiums or discounts on purchase over the period to maturity.

(c) Stocks and bonds of Estates and Trusts

Stocks and bonds of Estates and Trusts are recorded at their market value at the time of taking over the Estates and Trusts with an annual adjustment to market value at December 31 each year.

(d) Real estate

Real estate is recorded at appraised value at time of incorporation of the trust and is subject to periodic revaluations.

(e) Life insurance

Life insurance is recorded at its cash surrender value at the time of incorporating the trust and is subject to valuation every two years.

(f) Fixed assets

Fixed assets are recorded as an expenditure when purchased.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Notes to Financial Statements
March 31, 1992

3. ADMINISTRATION FUND

The Administration Fund is the operating account of the Public Trustee. It is used to accumulate fees charged each estate for services, as prescribed by the regulations under the Public Trustee Act.

Cash balances in the Administration Fund which are not required for operating purposes are invested along with the cash funds of Estates and Trusts. The Administration Fund receives the net interest income of these investment activities, after interest is allowed on the funds of Estates and Trusts in accordance with regulations under the Act.

All operating expenses of the office of the Public Trustee are paid from the Administration Fund.

Pursuant to section 9(5) of the Public Trustee Act, the Lieutenant Governor in Council may from time to time direct the payment into the Province's Consolidated Revenue Fund of any balance at the credit of the Administration Fund. In October 1991, \$335,000 was transferred from the Fund to the Consolidated Revenue Fund.

4. FUNDS ESCHEATED TO THE CROWN

The Public Trustee is authorized by the Escheats Act to take possession of unclaimed property reverting to the Crown under the Succession Law Reform Act, Business Corporations Act or common law. After a period of ten years, any property so received by the Public Trustee which remains unclaimed is transferred to the Consolidated Revenue Fund of the Province.

During the year, \$5.736 million (1991: \$1.438 million) was transferred to the Province.

5. ASSURANCE FUND

The regulations under the Act provide that an Assurance Fund shall be established to meet losses for which the office of the Public Trustee might become liable. Accordingly, this Fund has been established at \$200,000 by transfers from the Administration Fund.

6. LITIGATION RESERVE FUND

In June 1990 the office of the Public Trustee authorized the transfer of \$300,000 from Surplus to a new Litigation Reserve Fund. The intent of the Fund is to cover costs of an opposing side's legal bills where the office of the Public Trustee is obligated to pay such costs.

During the year the Fund was reimbursed \$289,818 (1991: \$55,000) for legal costs incurred on behalf of clients.

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS FUND

During the year, the office of the Public Trustee authorized the transfer of \$100,000 from Surplus to a new Allowance for Doubtful Accounts Fund. The intent of the Fund is to provide for all client accounts whereby the Public Trustee has paid expenses on a client's behalf but is not expected to be able to recover the amount from the client.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Notes to Financial Statements

March 31, 1992

8. PENSION PLAN

The office of the Public Trustee provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The office's share of contributions to the Fund during the year was \$466,039 (1991: \$509,000) and is included in employee benefits in the Statement of Revenue and Expenditure. This amount includes current contributions and additional payments required to cover the office's share of the Fund's estimated unfunded liabilities on January 1, 1990. These additional payments will continue over thirty-eight years.

9. CONTINGENCIES

The Public Trustee is involved in various legal actions arising in the normal course of operations, the outcome and ultimate disposition of which are not determinable at this time.

10. COMPARATIVE FIGURES

Certain of prior year's figures have been reclassified to conform to the current year's presentation.

AUDITORS' REPORT

To the Trustees of
The Royal Ontario Museum

We have audited the balance sheet of The Royal Ontario Museum as at June 30, 1991, the statements of financial operations of the Operating Fund, The Future Fund Today and Allied Trusts and ROM Galleries Campaign and the statement of cash flows of the Operating Fund for the year then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made

by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Museum as at June 30, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements.

Ernst + Young

Toronto, Canada,
August 27, 1991

Chartered Accountants

The Royal Ontario Museum

(Incorporated by Special Act of the Ontario Legislature as a corporation without share capital)

BALANCE SHEET**AS AT JUNE 30, 1991**

(with comparative figures as at June 30, 1990)

(in thousands of dollars)

ASSETS		1991	1990
Operating Fund			
Cash, short-term investments and accrued interest (at cost which approximates market value)		\$ 9,420	\$ 7,085
Marketable securities (quoted market value: 1991—\$554; 1990—\$242)		553	239
Accounts receivable		573	344
Pledges receivable (note 3)		1,308	209
Grants receivable		21	559
Inventories		1,258	1,864
Prepaid expenses		82	100
Fixed assets at cost net of accumulated depreciation (1991—\$79; 1990—\$41) (note 1 (g))		281	301
Deferred costs		509	402
		<u>\$14,005</u>	<u>\$11,105</u>
The Future Fund Today and Allied Trusts			
Cash, short-term investments and accrued interest (at cost which approximates market value)		\$ 1,175	\$ 1,451
Marketable securities (quoted market value: 1991—\$6,018; 1990—\$4,799)		6,018	4,656
Bequest receivable (note 10)		12,496	0
Accounts receivable		76	0
Pledges receivable (note 3)		518	430
		<u>\$20,283</u>	<u>\$ 6,537</u>
ROM Galleries Campaign			
Cash, short-term investments and accrued interest (at cost which approximates market value)		\$ 5,320	\$ 8,494
Marketable securities (quoted market value: 1991—\$1,869; 1990—\$30)		1,864	24
Accounts receivable		207	86
Pledges receivable (note 3)		1,304	1,782
Grants receivable		521	521
Deferred costs		139	278
		<u>\$ 9,355</u>	<u>\$11,185</u>
Total		<u>\$43,643</u>	<u>\$28,825</u>

On behalf of the Board:



Thomas E. Kierans, Trustee



Dorothy J. Dunlop, Trustee

(See accompanying notes)

ROYAL ONTARIO MUSEUM

Balance Sheet
as at June 30, 1991

LIABILITIES AND FUND BALANCES

	1991	1990
Operating Fund		
Accounts payable and accrued liabilities	\$ 2,567	\$ 2,121
Deferred revenue	2,500	2,084
Fund balance		
—Operations	137	113
—Restricted	8,801	6,785
	<u>\$11,005</u>	<u>\$11,103</u>
 The Future Fund Today and Allied Trusts		
Accounts payable and accrued liabilities	\$ 793	\$ 216
Fund balance	19,490	6,321
	<u>\$20,283</u>	<u>\$ 6,537</u>
 ROM Galleries Campaign		
Accounts payable and accrued liabilities	\$ 18	\$ 85
Fund balance	9,337	11,100
	<u>\$ 9,355</u>	<u>\$11,185</u>
 Total	 <u><u>\$33,643</u></u>	 <u><u>\$28,825</u></u>

(See accompanying notes)

STATEMENT OF FINANCIAL OPERATIONS

Operating Fund

YEAR ENDED JUNE 30, 1991

(with comparative figures for the year ended June 30, 1990)
(in thousands of dollars)

	Operations	Restricted	1991 Total	1990 Total
Revenues:				
Grants—				
Province of Ontario—base	\$20,930		\$20,930	\$20,230
—other	1,104	\$1,651	2,755	2,176
Government of Canada	232	308	540	645
Museum generated—				
Admission fees—general and exhibitions	1,270		1,270	1,421
—Planetarium	550		550	582
Museum programs	932		932	970
Professional services		520	520	555
Investment income	689	385	1,074	833
Sponsorships	58		58	148
Donations (note 1(g))	2	2,107	2,109	2,020
Other	118	44	162	150
Museum services net income (loss) (note 4):				
Food services	235		235	223
Gift shops	(337)		(337)	44
Membership	248		248	122
Publications	(14)		(14)	(35)
Total revenues	<u>26,017</u>	<u>5,015</u>	<u>31,032</u>	<u>30,084</u>
Expenditures: (notes 1(h) and 2)				
Curatorial and collections management	8,776	928	9,704	9,076
Building and security	5,813	596	6,409	6,168
General and administration	4,917	489	5,406	5,242
Education services and non-revenue public programs	1,977	57	2,034	2,087
Temporary and special exhibitions	802		802	1,317
Marketing and public relations	1,207	9	1,216	977
Planetarium	1,100	30	1,130	1,050
Exhibit services	810		810	1,117
Artifacts and specimens (note 1(g))		1,004	1,004	2,072
Library	591		591	541
Total expenditures	<u>25,993</u>	<u>3,113</u>	<u>29,106</u>	<u>29,647</u>
Excess of revenues over expenditures (note 2)	24	1,902	1,926	437
Transfers between funds	0	114	114	(19)
Fund balance, beginning of year	113	6,785	6,898	6,480
Fund balance, end of year	<u>\$ 137</u>	<u>\$8,801</u>	<u>\$ 8,938</u>	<u>\$ 6,898</u>

(See accompanying notes)

STATEMENT OF FINANCIAL OPERATIONS

The Future Fund Today and Allied Trusts

YEAR ENDED JUNE 30, 1991
(with comparative figures for the year ended June 30, 1990)
(in thousands of dollars)

	1991	1990
Revenues:		
Bequests, donations and fundraising events (net) (note 10)	\$14,123	\$ 902
Investment income	737	557
	<u>14,860</u>	<u>1,459</u>
Expenditures:		
For trust purposes—The Future Fund Today	265	135
—Allied Trusts (note 10)	917	267
Development and administration costs	395	287
	<u>1,577</u>	<u>689</u>
Excess of revenues over expenditures	13,283	770
Transfers between funds	(114)	57
Fund balance, beginning of year	<u>6,321</u>	<u>5,494</u>
Fund balance, end of year	<u>\$19,490</u>	<u>\$6,321</u>

The Future Fund Today and Allied Trusts at June 30, 1991 consist of the following

The Future Fund Today
The Far Eastern Endowment Fund
R. S. McLaughlin Planetarium Endowment Fund
Sigmund Samuel Fund
Brocklebank Estate Fund

(See accompanying notes)

STATEMENT OF FINANCIAL OPERATIONS

ROM Galleries Campaign

YEAR ENDED JUNE 30, 1991

(with comparative figures for the year ended June 30, 1990)
(in thousands of dollars)

	Cumulative balance June 30, 1990	Revenues and expenditures during the year	Cumulative balance June 30, 1991
Revenues:			
Grants—			
Province of Ontario	\$10,000		\$10,000
Government of Canada			
Economic Regional Development Assistance	5,000		5,000
Communications Canada	184		184
French Language	144	\$ 147	291
Other	23		23
Bequests, donations and fundraising events (net)	14,420	(139)	14,281
Investment income	4,272	987	5,259
	<u>34,043</u>	<u>995</u>	<u>35,038</u>
Expenditures:			
Gallery development (note 2)	20,654	2,457	23,111
Development costs	2,643	301	2,944
	<u>23,297</u>	<u>2,758</u>	<u>26,055</u>
Excess (deficiency) of revenues over expenditures (note 2)	10,746	(1,763)	8,983
Transfers between funds	354		354
Fund balance, end of year	<u>\$11,100</u>	<u>(\$1,763)</u>	<u>\$ 9,337</u>

(See accompanying notes)

STATEMENT OF CASH FLOWS

Operating Fund

YEAR ENDED JUNE 30, 1991

(with comparative figures for the year ended June 30, 1990)
(in thousands of dollars)

	1991	1990
Operating Fund:		
Excess of revenues over expenditures	\$1,926	\$ 437
Add charges (deduct credits) not involving a current cash payment		
Donations in kind (note 1(g))	(708)	(1,957)
Acquisition of artifacts and specimens (note 1(g))	708	1,957
Depreciation	38	22
	<u>1,964</u>	<u>459</u>
Changes in non-cash balances		
Accounts, pledges and grants receivable	(790)	4,995
Accounts payable and accrued liabilities	446	739
Deferred revenue	416	(436)
Inventories	606	(301)
Marketable securities	(314)	0
Purchase of fixed assets (note 1(g))	(18)	(125)
Prepaid expenses and deferred costs	(89)	(81)
Transfers between funds	114	(19)
	<u>371</u>	<u>4,772</u>
Net increase in cash during the year	2,335	5,231
Cash, short-term investments and accrued interest, beginning of year	7,085	1,854
Cash, short-term investments and accrued interest, end of year	<u>\$9,420</u>	<u>\$7,085</u>

(See accompanying notes)

NOTES TO FINANCIAL STATEMENTS

June 30, 1991

1. Summary of significant accounting policies

The financial statements of The Royal Ontario Museum (the "Museum") have been prepared by management in accordance with generally accepted accounting principles ("GAAP") with the exception of the accounting treatment of vacation pay of salaried employees (note 1(c)). The Museum is a scheduled agency of the Province of Ontario and accordingly is not required to prepare its financial statements in accordance with GAAP as set out in accounting recommendations issued by The Canadian Institute of Chartered Accountants.

The following summary of accounting policies is set

forth to facilitate the understanding of these financial statements.

(a) Fund Accounting—

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Museum, the accounts of the Museum are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Trustees.

ROYAL ONTARIO MUSEUM

Notes to Financial Statements

June 30, 1991

Transfers between funds are made when it is considered appropriate and authorized by the Board of Trustees. For financial reporting purposes, the accounts have been classified into the following three groupings:

(i) Operating Fund—

This includes the day-to-day operating transactions of the Museum. It also includes amounts received by the Museum that are designated by the Board of Trustees or Museum management to be restricted to certain expenditures of an operating nature. The restricted funds include the following:

Grants—

Funds received from various governments and private agencies to finance specific research projects.

Museum restricted funds—

Funds for general or special purposes which have been reserved in accordance with directives issued by the Board of Trustees or by Museum management.

Departmental reserves—

Funds received from cross-appointment teaching and other activities of staff in the Curatorial and other Museum departments to assist in the financing of departmental expenditures.

Museum consolidation reserve—

Funds received and receivable to consolidate, reorganize and create new space for the Museum.

Capital replacement reserve—

Funds which have been set aside for major capital improvements and replacements.

Reference is made to note 5 for details of the restricted funds.

(ii) The Future Fund Today and Allied Trusts—

This includes amounts received and pledged to create an endowment fund and to expend funds to maintain the collections, scientific research and expeditions at a world class level. Development costs are allocated to The Future Fund Today and Allied Trusts and to the ROM Galleries Campaign based on fundraising efforts.

(iii) ROM Galleries Campaign—

This includes amounts received and pledged from the Campaign and expenditures incurred to design and install exhibits in the Museum's gallery spaces.

(b) Bequests, donations and grants—

Bequests, donations and capital project grants are recorded when pledged at their estimated realizable value. Grants for operations are recorded as revenues during the period when the related expenditures are recorded.

(c) Vacation pay—

Vacation pay is accrued when earned for hourly paid employees and is recorded when paid for salaried employees.

(d) Marketable securities—

Investments in pooled fund units are carried at market value. Increases or decreases in the market value of the pooled fund units are recorded as investment income in the period in which they occur.

Other investments are recorded at cost. The gain or loss on the sale of securities is based on the average carrying value of the securities sold.

(e) Inventories—

Inventories, which consist mainly of gift shop items held for sale, publications, and supplies, are stated at the lower of cost and net realizable value.

(f) Deferred costs—

Costs of exhibitions are deferred until the exhibitions are opened to the public and then are charged to operations over the period of the exhibition.

(g) Fixed assets—

The land, buildings, collections and contents are each carried in the accounts at a nominal value of \$1. Construction costs and other fixed asset additions relating to non-revenue producing activities are expensed. Equipment, furniture and fixtures relating to the Museum's services and other revenue producing operations are capitalized and depreciated over the estimated useful lives of the assets.

Artifacts and specimens which are acquired by gift during the year are recorded as donation revenue at their estimated appraisal values. The cost or appraised value of gifts, artifacts and specimens acquired during the year is expensed.

(h) Expenditures—

Expenditures are reported in the statement of financial operations of the Operating Fund on a functional basis. Expenditures by category comprise:

	Operations	Restricted	Total
	(in thousands of dollars)		
<i>Year ended June 30, 1991</i>			
Salaries, wages and benefits	\$19,672	\$ 485	\$20,157
Purchased goods and services	6,321	2,628	8,949
	<u>\$25,993</u>	<u>\$3,113</u>	<u>\$29,106</u>
<i>Year ended June 30, 1990</i>			
Salaries, wages and benefits	\$19,242	\$ 441	\$19,683
Purchased goods and services	6,647	3,317	9,964
	<u>\$25,889</u>	<u>\$3,758</u>	<u>\$29,647</u>

(i) Donated services—

Volunteers perform various services on behalf of the Museum. The value of these donated services is not recorded in the accounts.

2. Change in allocation of salaries, wages and benefits

During the year, management of the Museum re-evaluated the approach to allocating salaries, wages and benefits costs between the Operating Fund and the ROM Galleries Campaign. Effective July 1, 1990, the Museum changed its method of allocation, as a result of which an additional \$624,000 of such costs, which would have been borne by the Operating Fund under the previous method, were allocated to the ROM Galleries Campaign.

3. Pledges receivable

Pledges receivable include amounts due to be collected in the following years ending June 30:

ROYAL ONTARIO MUSEUM

Notes to Financial Statements
June 30, 1991

	Operating Fund	The Future Fund Today and Allied Trusts	ROM Galleries Campaign
1992	\$1,115,000	\$ 155,000	\$ 313,000
1993	66,000	145,000	367,000
1994	64,000	129,000	145,000
1995	63,000	84,000	105,000
1996	—	5,000	93,000
1997 and thereafter	—	—	281,000
	<u>\$1,308,000</u>	<u>\$ 518,000</u>	<u>\$1,304,000</u>

	June 30, 1991	June 30, 1990
	(in thousands of dollars)	
Pension fund assets	\$21,675	\$20,124
Accrued pension benefits	20,800	19,254
Surplus	<u>\$ 875</u>	<u>\$ 870</u>

The pension expense of \$532,000 (1990—\$482,000) includes the amortization of experience gains and losses. These amounts are being amortized on a straight line basis over a period of 16 years.

4. Museum services

Certain revenue producing operations of the Museum are presented on a net basis in the Operating Fund statement of financial operations since their revenues and expenditures are directly related. The gross revenues and expenditures of these operations are as follows:

	Revenues	Expenditures	Net income (loss)
	(in thousands of dollars)		
<i>Year ended June 30, 1991</i>			
Food services	\$2,108	\$1,873	\$ 235
Gift shops	1,693	2,030	(337)
Membership	1,561	1,313	248
Publications	237	251	(14)
<i>Year ended June 30, 1990</i>			
Food services	\$2,144	\$1,921	\$ 223
Gift shops	2,003	1,959	44
Membership	1,294	1,172	122
Publications	244	279	(35)

5. Restricted funds

A summary of the changes in the various restricted fund balances for fiscal 1991 is as follows:

	June 30, 1990	Revenues	Expenditures	Transfers	June 30, 1991
	(in thousands of dollars)				
Grants	\$ 99	\$ 147	\$ 175	\$ 18	\$ 89
Museum restricted	724	2,740	1,974	93	1,583
Departmental	526	604	544	3	589
Museum consolidation	4,874	1,000	152		5,722
Capital replacement	562	524	268		818
	<u>\$6,785</u>	<u>\$5,015</u>	<u>\$3,113</u>	<u>\$ 114</u>	<u>\$8,801</u>

6. Pension plan

The Museum maintains a contributory defined benefits pension plan which covers all of its employees and pensioners. The plan provides pensions based on length of service and final average earnings.

Actuarial reports prepared during the year, which were based on projections of employees' compensation levels to the time of retirement, indicate that the present value of accrued pension benefits, and the net assets available to provide for the benefits at market related values, are as follows:

7. Commitments

As at June 30, 1991, the Museum is committed to future expenditures of \$1,165,000.

In connection with a donation recorded as a pledge receivable during fiscal 1991, the Museum has undertaken to construct a gallery at an estimated cost of \$1,000,000.

8. Income taxes

The Museum is registered as a charitable organization under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Museum must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

9. Related party transactions

As a result of the operational integration of the Museum and The George R. Gardiner Museum of Ceramic Art (the "Gardiner Museum"):

- (i) admissions revenues received by the Museum and the Gardiner Museum entitle visitors to visit both museums;
- (ii) the Museum pays for certain expenditures on behalf of the Gardiner Museum for which it is reimbursed at cost; and
- (iii) the Museum provides certain administrative and other services to the Gardiner Museum at no cost.

10. Bequest receivable

On June 17, 1990, the Museum was named as a co-beneficiary of an estate. During 1991, the Museum recorded bequest revenue of \$13,496,000 in the Far Eastern Endowment Fund representing the Museum's share of the estate settled to date, of which \$1,000,000 had been received and \$12,496,000 was receivable at June 30, 1991. This receivable was fully settled in July 1991.

In addition, the Museum is to receive one half of the proceeds on the sale of certain properties and other residual assets still held by the estate. The proceeds, estimated to be approximately \$1,000,000, will be recorded as bequest revenue in the Far Eastern Endowment Fund when received.

The terms of the bequest require the Museum to spend all of the capital and the related investment income by June 17, 1995 on the acquisition of oriental and far eastern artifacts. As at June 30, 1991, the Museum has spent \$755,000 on the acquisition of such artifacts.

11. Comparative figures

Certain of the 1990 comparative figures have been reclassified to conform to the presentation adopted in the current year.

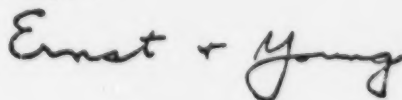
AUDITORS' REPORT

To the Shareholder of
Stadium Corporation of Ontario Limited

We have audited the balance sheet of **Stadium Corporation of Ontario Limited** as at December 31, 1991 and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in cursive script that reads "Ernst & Young".

Toronto, Canada,
February 28, 1992.

Chartered Accountants

Stadium Corporation of Ontario Limited
Incorporated under the laws of Ontario

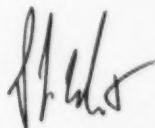
BALANCE SHEET

As at December 31

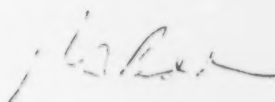
	1991 \$	1990 \$
	(000's)	
ASSETS		
Cash and short-term investments	1,494	—
Accounts receivable	5,230	4,817
Prepaid expenses	894	407
	7,618	5,224
Project costs [note 3]	549,490	561,728
Fixed assets [note 4]	3,892	2,950
	553,382	564,678
	561,000	569,902
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIENCY)		
Liabilities		
Bank indebtedness	—	314,816
Accounts payable and accrued liabilities	18,998	32,814
Province of Ontario - promissory notes [note 6(a)]	357,300	—
- loans [note 6(a)]	5,085	5,766
Promissory notes [notes 6(c) and (d)]	15,925	16,600
Proceeds from sale of preferred rights [notes 6(c) and (d)]	111,382	113,731
Proceeds from sale of SkyBox rights [note 7(a)]	41,075	42,368
Proceeds from sale of club seat rights [note 7(b)]	13,784	15,435
Deferred revenue	3,548	2,715
Total liabilities	567,097	544,245
Contingencies [note 10]		
Shareholder's equity (deficiency)		
Share capital [note 8]	30,000	30,000
Contributed capital [notes 6(b) and (d)]	40,500	40,500
Deficit	(76,597)	(44,843)
Total shareholder's equity (deficiency)	(6,097)	25,657
	561,000	569,902

See accompanying notes

On behalf of the Board:



Director



Director

Stadium Corporation of Ontario Limited

STATEMENT OF OPERATIONS AND DEFICIT

Year ended December 31

	1991 \$	1990 \$
	(000's)	
REVENUE		
SkyBoxes, club seats and preferred rights	22,909	22,463
Facility rentals and concessions	12,299	11,476
Advertising and other	9,083	9,912
Hotel, fitness club and parking	11,527	8,994
	55,818	52,845
EXPENSES		
Salaries, wages and benefits	7,794	7,160
Operating and building [net of recoverables]	4,893	5,154
General and administrative	2,627	3,508
Marketing, advertising and promotion	399	882
Hotel, fitness club and parking	10,263	8,670
	25,976	25,374
Income before interest, taxes and depreciation	29,842	27,471
Interest	33,949	39,219
Realty, business and other taxes [note 9]	9,740	10,239
Depreciation	17,907	17,265
	61,596	66,723
Net loss for the year	31,754	39,252
Deficit, beginning of year	44,843	5,591
Deficit, end of year	76,597	44,843

See accompanying notes

Stadium Corporation of Ontario Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	1991 \$	1990 \$
	[000's]	
OPERATING ACTIVITIES		
Net loss for the year	(31,754)	(39,252)
Deferred SkyBox and club seat receipts	1,132	946
Add (deduct) items not affecting cash		
Depreciation	17,907	17,265
Amortization of SkyBox, club seat and preferred rights	(6,425)	(6,472)
Net change in accounts receivable, prepaids, accounts payable and accrued liabilities and deferred revenue	(1,606)	2,768
Cash used in operating activities	(20,746)	(24,745)
FINANCING ACTIVITIES		
Decrease in accounts receivable	811	8,435
Consortium and other corporate repayments	(675)	(5,000)
Principal repayment of Province of Ontario loans	(681)	—
Cash provided by (used in) financing activities	(545)	3,435
CONSTRUCTION AND INVESTING ACTIVITIES		
Project costs	(5,071)	(36,679)
Decrease in accounts payable and accrued liabilities	(13,088)	(1,665)
Fixed assets	(1,540)	(2,208)
Cash used in construction and investing activities	(19,699)	(40,552)
Net increase in borrowings during the year	40,990	61,862
Net borrowings, beginning of year	314,816	252,954
Net borrowings, end of year	355,806	314,816
Net borrowings are represented by		
Cash and short-term investments	(1,494)	—
Province of Ontario promissory notes	357,300	—
Bank indebtedness	—	314,816
	355,806	314,816

See accompanying notes

Stadium Corporation of Ontario Limited**NOTES TO FINANCIAL STATEMENTS**

December 31, 1991

**1. STADIUM CORPORATION OF ONTARIO LIMITED
[THE "CORPORATION"]**

The Corporation owns and operates an entertainment centre [the "Project"] which includes the first urban multi-purpose domed stadium with a fully retractable roof, a hotel, fitness club and other facilities. On June 3, 1989, the stadium portion of the Project commenced operations. Subsequently, the hotel, fitness club and other facilities commenced operations.

On November 12, 1991, the Corporation and the Province of Ontario signed a Letter of Intent with Stadium Acquisition Inc. ["SAI"] whereby SAI indicated its intention to acquire the assets and operations of the Corporation for consideration including \$110,000,000 in cash, participating debentures in an amount equal to the promissory notes owed to the Province of Ontario less \$110,000,000 and assumption of all other existing obligations and liabilities of the Corporation, subject to certain contingencies being shared between the Province of Ontario and SAI on an agreed basis. Certain other rights of Consortium members are under negotiation. No agreement has been finalized and negotiations continue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Project costs**

All costs associated with the Project's construction, including development, indirect construction expenditures and interest costs, are capitalized and included in project costs. Proceeds from promotions and interest income earned during construction were netted against project costs.

Depreciation

Project costs and fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Base stadium	50 years
Stadium equipment and finishes	25 to 50 years
Scoreboards, signage and production equipment	5 to 15 years
Artificial turf, seats and stadium accessories	5 to 15 years
Vehicles, machinery and equipment	5 to 10 years
Furniture, fixtures and office equipment	3 to 10 years

SkyBox and club seat rights

Proceeds from the sale of rights to SkyBoxes and the use of club seats are amortized over the terms of their respective agreements.

Stadium Corporation of Ontario Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

Preferred rights

Proceeds from the sale of preferred rights are amortized over the estimated life of the base stadium.

Facility rentals and fees

Facility rentals and fees are recognized as revenue once the related event has occurred. Accordingly, deposits received and expenditures incurred prior to the event are deferred until the event has been completed.

3. PROJECT COSTS

	1991		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
		(000's)	
Base stadium	433,676	21,423	412,253
Stadium equipment and finishes	91,808	4,975	86,833
Scoreboards, signage and production equipment	35,415	6,301	29,114
Artificial turf, seats and stadium accessories	16,190	3,358	12,832
Vehicles, machinery and equipment	10,208	3,140	7,068
Furniture, fixtures and office equipment	3,172	1,782	1,390
	590,469	40,979	549,490

	1990		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
		(000's)	
Base stadium	432,888	12,342	420,546
Stadium equipment and finishes	90,390	2,598	87,792
Scoreboards, signage and production equipment	33,581	3,639	29,942
Artificial turf, seats and stadium accessories	15,900	1,963	13,937
Vehicles, machinery and equipment	9,467	1,981	7,486
Furniture, fixtures and office equipment	3,172	1,147	2,025
	585,398	23,670	561,728

Interest capitalized during the year related to project costs amounted to nil [1990 - \$1,400,000].

Stadium Corporation of Ontario Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

4. FIXED ASSETS

	1991	
	Cost	Accumulated depreciation
	\$	\$
	[000's]	
Stadium and other operating equipment	3,974	669
Computer equipment	773	398
Office furniture and equipment	574	362
	5,321	1,429
		3,892

	1990	
	Cost	Accumulated depreciation
	\$	\$
	[000's]	
Stadium and other operating equipment	2,540	316
Computer equipment	717	250
Office furniture and equipment	524	265
	3,781	831
		2,950

5. BANK CREDIT ARRANGEMENT

The Corporation maintains a revolving credit arrangement with its bank aggregating \$30 million.

Stadium Corporation of Ontario Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

6. FUNDING SOURCES

	Province of Ontario [a] \$	Municipality of Metropolitan Toronto [b] \$	Consortium [c] \$	Other corporations [d] \$	Total \$
	[000's]				
Province of Ontario					
- promissory notes	357,300	—	—	—	357,300
- loans	5,085	—	—	—	5,085
Promissory notes	—	—	13,000	2,925	15,925
Proceeds from sale of preferred rights	—	—	117,000	450	117,450
Share capital	30,000	—	—	—	30,000
Contributed capital	—	30,000	—	10,500	40,500
	392,385	30,000	130,000	13,875	566,260
Less					
Accumulated amortization	—	—	6,045	23	6,068
Net	392,385	30,000	123,955	13,852	560,192

[a] Province of Ontario

Prior to 1990, the Province of Ontario purchased 30,010 shares of the Corporation for consideration of \$30,000,010.

The Province of Ontario initially advanced \$5,766,000 to the Corporation of which \$681,000 was repaid during the year. \$1,000,000 of the outstanding loan amount is non-interest bearing and is repayable to the extent earnings are available for distribution. The remaining loan amount outstanding of \$4,085,000 bears interest at treasury bill rates established annually and is repayable in six equal annual instalments on January 1 of each of the next six years.

Promissory notes in the amount of \$357,300,000 were issued to the Province of Ontario bearing interest at rates that approximate bankers' acceptance rates. These notes have short-term maturity dates and have been renewed on a continuing basis.

[b] Municipality of Metropolitan Toronto

The Municipality of Metropolitan Toronto contributed \$30,000,000 to the Corporation.

Stadium Corporation of Ontario Limited**NOTES TO FINANCIAL STATEMENTS**

December 31, 1991

[c] Consortium

As at December 31, 1991, 26 Canadian corporations ["Consortium Members"] have contributed to the financing of the Project. For consideration of \$4,500,000 [in aggregate \$117,000,000] each Consortium Member received certain preferred rights in the supply of goods and services, in the allocation of seating, and in advertising within the stadium for a 10-year period valued at \$4,200,000 and an option, valued at \$300,000, to extend the period of the preferred rights. During the year, the Corporation recognized revenue of \$2,340,000 [1990 - \$2,288,000] from the amortization of the preferred rights. At December 31, 1991, the unamortized proceeds from the sale of these preferred rights amounted to \$110,955,000.

In addition, these Consortium Members have subscribed for shares of a private company, Dome Consortium Investments Inc. ["Consortium"]. At December 31, 1991, the Consortium had loaned \$13,000,000 from these share subscriptions to the Corporation in the form of non-interest bearing promissory notes repayable upon the formation of a partnership to acquire the Project between the Consortium and the Corporation.

[d] Other corporations

At December 31, 1991, three other corporations have each made contributions of \$3,500,000 [in aggregate \$10,500,000] as well as loans of \$1,350,000 each [in aggregate \$4,050,000] to the Corporation, of which \$1,125,000 has been repaid [\$675,000 in 1991] resulting in a balance outstanding of \$2,925,000. The Corporation has issued promissory notes for the loans which bear no interest and are repayable in instalments of \$1,125,000 in 1994 and \$1,800,000 in 1999. In addition, for consideration of \$150,000 each [in aggregate \$450,000], the corporations received certain advertising and promotional rights. During the year, the Corporation recognized revenue of \$9,000 from the amortization of the preferred rights. At December 31, 1991, the unamortized proceeds from the sale of these preferred rights amounted to \$427,000.

7. SKYBOX AND CLUB SEAT FEES**[a] SkyBoxes**

The Corporation has sold the rights to the use of 114 SkyBoxes for a 10-year period expiring December 31, 1999. Fourteen of these SkyBoxes prepaid the full term prior to the commencement of operations; the remainder of the SkyBoxes pay annual instalments. In 1991, the Corporation recognized revenue of \$17,428,000 from the amortization and receipt of these proceeds. At December 31, 1991, the unamortized proceeds from the sale of SkyBox rights amounted to \$41,075,000.

Stadium Corporation of Ontario Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

[b] Club seats

The Corporation has received subscription fees of \$20,624,000 from the sale of rights to the use of club seats for a 10-year period. In 1991, the Corporation charged an annual fee of \$250 per club seat. During the year, the Corporation recognized revenue of \$1,720,000 from the amortization of subscription fees and earned \$1,412,000 in annual fees. At December 31, 1991, the unamortized proceeds from the sale of club seat rights amounted to \$13,784,000.

8. SHARE CAPITAL

The following is a summary of the Corporation's share capital as at December 31:

	1991 \$	1990 [000's] \$
Authorized		
Unlimited number of common shares		
Issued		
30,010 common shares [1990 - 30,010]	30,000	30,000

9. REALTY, BUSINESS AND OTHER TAXES

The Corporation is a Crown corporation and is exempt from federal and provincial income and capital taxes. Taxes included in the statement of operations and deficit reflect the assessments received for realty, business and other taxes.

The Corporation continues to appeal all current and prior year tax assessments received and relating to operations.

10. CONTINGENCIES

Various claims have been made against the Corporation most relating to design and construction changes and delays in the completion of the Project. The total estimated potential value of the claims approximates \$69 million. With respect to these claims, the Corporation has filed counterclaims in the amount of approximately \$21 million. At this time, no amount has been provided in the financial statements in respect of these claims as the merits of the claims and the resulting amounts are not determinable.

In addition, the Corporation is party to an agreement relating to a parking facility which may require future expenditures but the timing and amounts involved, if any, are not reasonably determinable.

Stadium Corporation of Ontario Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

11. COMPARATIVE BALANCES

Certain of the 1990 comparative balances have been reclassified to conform to the presentation adopted in the current year.

Auditor's Report

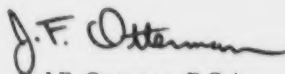
To the Members of the Toronto Area Transit
Operating Authority and to the
Minister of Transportation.

I have audited the balance sheet of the Toronto Area Transit Operating Authority as at March 31, 1992 and the statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario,
May 29, 1992.



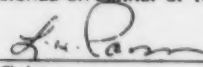
J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

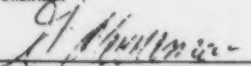
Toronto Area Transit Operating Authority

Balance Sheet as at March 31
(In Thousands of Dollars)

	1992	1991
Assets		
Current Assets		
Cash	\$ 8,686	\$ 8,138
Accounts receivable	6,535	4,572
Deposit with Canadian National Railway Company	9,647	8,473
Due from the Province of Ontario	9,390	18,750
Spare parts and supplies	1,379	1,588
Prepaid expenses	681	675
	<u>36,318</u>	<u>42,196</u>
Other Assets (note 2)	<u>1,598</u>	<u>1,598</u>
Deposit on Land Purchase (note 3)	<u>54,500</u>	<u>-</u>
Capital Assets		
Land	53,342	35,824
Buildings and equipment (note 4)	546,169	474,015
Leasehold improvements net of accumulated amortization of \$2,103 (1991 - \$1,719)	6,019	5,887
Improvements to railway right of way and railway plant, net of accumulated amortization of \$84,849 (1991 - \$71,122)	189,700	140,970
Trackwork and Installation net of accumulated amortization of \$5,988 (1991 - \$3,917)	37,109	36,975
Construction in progress		
GO Train Service Expansion Program	18,488	71,840
Other	77,744	119,576
	<u>928,571</u>	<u>885,087</u>
	<u>\$ 1,020,987</u>	<u>\$ 928,881</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	34,858	42,168
Unearned revenue in respect of tickets sold and not used	3,058	1,626
	<u>37,916</u>	<u>43,794</u>
Equity		
Province of Ontario	<u>983,071</u>	<u>885,087</u>
	<u>\$ 1,020,987</u>	<u>\$ 928,881</u>

SIGNED ON BEHALF OF THE MEMBERS


Chairman


Member

Toronto Area Transit Operating Authority

Statement of Equity

For the year ended March 31
(In Thousands of Dollars)

	1992	1991
Equity - Beginning of Year	\$ 885,087	\$ 774,666
Capital contribution from the Province of Ontario	100,851	158,030
Less: Monies returned to the Province of Ontario	(1,843)	-
Amortization of capital contributions	(53,134)	(47,609)
Book value of assets disposed	<u>(2,390)</u>	<u>-</u>
Capital Asset Equity	928,571	885,087
Equity Contribution from the Province of Ontario for Deposit on Land Purchase	<u>54,500</u>	<u>-</u>
Equity - End of Year	<u>\$ 983,071</u>	<u>\$ 885,087</u>

Toronto Area Transit Operating Authority

Statement of Operations

For the year ended March 31

(In Thousands of Dollars)

	1992	1991
Revenue		
Commuter services	\$ 92,916	\$ 91,887
Sundry revenue (note 6)	4,702	3,905
Gain on sale of capital assets	826	138
	<u>98,444</u>	<u>95,930</u>
Expenses (note 7)		
Salaries and wages	45,020	42,264
Benefits	8,673	9,847
Transportation and Communication	1,634	1,662
Services	23,548	21,678
Materials, supplies and utilities	21,341	22,059
Rail operations	<u>70,506</u>	<u>64,417</u>
	<u>170,722</u>	<u>161,927</u>
Loss From Operations Before		
Amortization of Capital Assets	72,278	65,997
Amortization of Capital Assets	<u>53,134</u>	<u>47,609</u>
Loss From Operations	125,412	113,606
Operating subsidy from the		
Province of Ontario including amortization	<u>125,412</u>	<u>113,606</u>
Net Income For the Year	<u>\$ -</u>	<u>\$ -</u>

Toronto Area Transit Operating Authority

Statement of Changes in Financial Position

For the year ended March 31
(In Thousands of Dollars)

	1992	1991
Cash Provided By (Used In) Operating Activities		
Loss from operations	\$ (125,412)	\$ (113,606)
Non-cash items -		
Amortization	53,134	47,609
Gain on sale of fixed assets	(826)	(138)
	(73,104)	(66,135)
Net Change In Non-Cash Working Capital Items	<u>548</u>	<u>(2,097)</u>
	(72,556)	(68,232)
Cash Provided By (Used In) Investment Activities		
Capital assets additions	(99,008)	(162,133)
Deposit on land purchase	(54,500)	-
Proceeds on capital assets disposals	3,216	157
	<u>(150,292)</u>	<u>(161,976)</u>
Cash Provided By Financing Activities		
Province of Ontario -		
Operating subsidy	72,278	65,997
Capital contributions	100,851	158,030
Contribution for deposit on land purchase	54,500	-
Monies returned to the Province of Ontario	(1,843)	-
Capital asset disposition	(2,390)	-
	<u>223,396</u>	<u>224,027</u>
Net Increase (Decrease) In Cash	548	(6,181)
Cash - Beginning of Year	<u>8,138</u>	<u>14,319</u>
Cash - End of Year	<u>\$ 8,686</u>	<u>\$ 8,138</u>

Toronto Area Transit Operating Authority

Notes to Financial Statements

For the year ended March 31, 1992
(In Thousands of Dollars)

1. Significant Accounting Policies

These financial statements are prepared by management in accordance with accounting principles generally accepted in Canada. The significant accounting policies are as follows:

(a) Spare parts and supplies

Spare parts and supplies are valued at the lower of cost and replacement cost.

(b) Capital assets

Capital assets are recorded at cost.

The Authority provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis.

Buildings and equipment

Shelters and ticket booths	- 5 years
Other buildings	- 20 years
Locomotive overhauls	- 5 years
Locomotives and auxiliary power control units	- 20 years
Other railway rolling stock	- 25 years
Buses	- 12 years
Parking lots	- 20 years
Sundry - Furniture and fixtures	- 12 years
- Other	- 3 - 5 years
Improvements to railway right of way and railway plant	- 20 years
Trackwork and installation	- 20 years
Leasehold improvements	- 20 years

(c) Commuter services revenue

Revenue is recognized when the transportation service is provided. Unearned amounts are reflected in the balance sheet as current liabilities.

Toronto Area Transit Operating Authority

Notes to Financial Statements

For the year ended March 31, 1992
(In Thousands of Dollars)

1. Significant Accounting Policies (Cont'd)

(d) Subsidies

Operating subsidies paid by the Province of Ontario are treated as reductions of operating losses. Gains and losses from the disposition of fixed assets are included in operations. Capital contributions from the Province of Ontario are included in equity and are amortized to income over the useful lives of the related assets.

2. Other Assets

Included in other assets is a balance of sale of \$891 arising from the sale of land surplus to the Authority's needs. The asset is collateralized by a second mortgage on the property.

Interest is being charged at a rate commencing at 8% and increasing at 1% at the end of each five year period until February 28, 2013 when the proceeds become due. Additional interest may be earned based on the net income from the property. Total interest in a single year cannot exceed 18%.

3. Deposit on Land Purchase

On April 9, 1991, the Authority entered into an agreement to acquire the Danforth Rail Yards from Canadian National Railways for \$54,500. The funds are held in trust pending an environmental assessment review. The trust bears interest to the benefit of the vendor.

Toronto Area Transit Operating Authority

Notes to Financial Statements

For the year ended March 31, 1992
(In Thousands of Dollars)

4. Buildings and Equipment

	1992		
	Cost	Accumulated amortization	Net book value
Buildings	\$ 75,872	\$ 24,646	\$ 51,226
Locomotives and auxiliary power control units	123,475	19,812	103,663
Uni-level coaches	22,280	22,280	-
Other railway rolling stock	409,527	76,894	332,633
Buses	46,259	17,042	29,217
Parking lots	23,062	6,154	16,908
Sundry	27,014	14,492	12,522
	<u>\$ 727,489</u>	<u>\$ 181,320</u>	<u>\$ 546,169</u>

	1991		
	Cost	Accumulated amortization	Net book value
Buildings	\$ 63,619	\$ 20,885	\$ 42,734
Locomotives, overhauls and auxiliary power control units	132,294	21,049	111,245
Uni-level coaches	24,896	24,401	495
Other railway rolling stock	322,833	59,777	263,056
Buses	40,828	20,026	20,802
Parking lots	21,872	5,003	16,869
Sundry	28,945	10,131	18,814
	<u>\$ 635,287</u>	<u>\$ 161,272</u>	<u>\$ 474,015</u>

The Authority is actively seeking a purchaser for 86 uni-level coach units which are considered to be surplus.

Toronto Area Transit Operating Authority

Notes to Financial Statements

For the year ended March 31, 1992
(In Thousands of Dollars)

5. Operating Agreements

A significant amount of the services provided by the Authority are operated by outside parties using rolling stock owned by the Authority. These services are governed by the agreements with the Canadian National Railway Company and Canadian Pacific Limited.

6. Sundry Revenue

The details of sundry revenue are as follows:

	1992	1991
Interest income	\$ 1,314	\$ 956
Rentals - rolling stock	602	207
Rentals - space	1,217	1,186
Advertising revenue	524	351
Commissions - ticket sales	647	719
Other	<u>398</u>	<u>486</u>
	<u>\$ 4,702</u>	<u>\$ 3,905</u>

7. Expenses

Of the total expenses \$155,133 (1991 - \$149,243) is recognized as recoverable, in part, from passengers and other sources of revenue. The target amount to be ultimately recovered has been established by the Authority at 65% of the recoverable expenses. In 1992, total revenue amounted to \$98,444 (1991 - \$95,930) and represents a recovery of 63.5% (1991 - 64.3%) of the recoverable expenses.

Toronto Area Transit Operating Authority

Notes to Financial Statements

For the year ended March 31, 1992
(In Thousands of Dollars)

8. Commitments

Minimum operating lease payments in each of the next five years and thereafter are as follows:

1992 - 1993	\$ 4,507
1993 - 1994	3,916
1994 - 1995	3,480
1995 - 1996	3,344
1996 - 1997	3,335
Thereafter	<u>29,638</u>
	<u>\$ 48,220</u>

In addition to the commitments above, the Authority has entered into an agreement to lease land which expires in 2079. The annual rental under this lease is \$153.

9. Pensions

The Authority provides pension benefits for substantially all its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Authority's share of contributions to the plan during the year was \$2,694 (1991 - \$2,470). This amount represents the total obligation of the Authority and is included as an expense in the Statement of Operations.

10. Board Remuneration

Total remuneration of Members of the Board of Directors was approximately sixty thousand dollars during the fiscal year (1991 fifty seven thousand dollars).

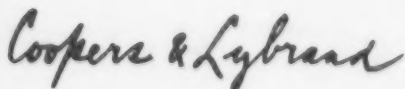
URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

AUDITORS' REPORT**TO THE SHAREHOLDER**

We have audited the consolidated balance sheet of Urban Transportation Development Corporation Ltd. as at December 31, 1991 and the consolidated statements of operations and deficit and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants

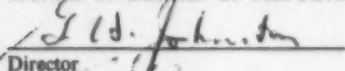
Toronto, Ontario
June 12, 1992

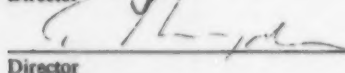
Urban Transportation Development Corporation Ltd.

Consolidated Balance Sheet as at December 31, 1991
(In thousands of dollars)

	1991	1990
Assets		
Cash	\$ 3,317	\$ 9,661
Accounts Receivable	1,024	2,889
Due From Shareholder - Province Of Ontario	150	150
Due From UTDC Inc. (note 4)	6,588	-
Debenture (note 3)	20,000	20,000
Less: Provision for Uncollectible Amount (note 3)	(20,000)	-
Due From Affiliated Company	-	4,708
	<u>\$ 11,079</u>	<u>\$ 37,408</u>
Liabilities		
Accounts Payable and Accrued Liabilities	1,267	1,929
Provision For Contract Costs	703	15,055
	<u>1,970</u>	<u>16,984</u>
Contingencies (note 7)		
Shareholder's Equity		
Capital Stock (note 5)	280,691	280,691
Contributed Surplus (note 6)	6,059	-
	<u>286,750</u>	<u>280,691</u>
Deficit	<u>277,641</u>	<u>260,267</u>
	<u>9,109</u>	<u>20,424</u>
	<u>\$ 11,079</u>	<u>\$ 37,408</u>

SIGNED ON BEHALF OF THE BOARD


Director


Director

Urban Transportation Development Corporation Ltd.

Consolidated Statement of Operations and Deficit

For the year ended December 31, 1991
(In thousands of dollars)

	1991	1990
Revenue		
Contract	\$ 298	\$ -
Interest	387	2,633
	<u>685</u>	<u>2,633</u>
Expenses		
Provision for uncollectible amount (note 3)	20,000	-
Contract, including provision for future costs of contract completion and reversal of provisions on contracts closed out	(1,941)	7,533
	<u>18,059</u>	<u>7,533</u>
Loss For the Year	17,374	4,900
Deficit - Beginning of Year	<u>260,267</u>	<u>255,367</u>
Deficit - End of Year	<u>\$ 277,641</u>	<u>\$ 260,267</u>

Urban Transportation Development Corporation Ltd.

Consolidated Statement of Changes In Financial Position

For the year ended December 31, 1991

(In thousands of dollars)

	1991	1990
Operating Activities		
Loss for the year	\$ (17,512)	\$ (4,900)
Items not representing an outlay (receipt) of funds -		
Net decrease in provision for contract costs	(14,352)	(12,630)
Provision for uncollectible amount	<u>20,000</u>	<u>-</u>
	(11,864)	(17,530)
Net decrease in deferred contract costs	-	5,792
Net change in other assets and liabilities	<u>(539)</u>	<u>45</u>
	<u>(12,403)</u>	<u>(11,693)</u>
Financing Activities		
Increase in contributed surplus	6,059	-
Issue of preference shares	<u>-</u>	<u>5,000</u>
	<u>6,059</u>	<u>5,000</u>
Decrease In Cash	(6,344)	(6,693)
Cash - Beginning of Year	<u>9,661</u>	<u>16,354</u>
Cash - End of Year	<u>\$ 3,317</u>	<u>\$ 9,661</u>

Urban Transportation Development Corporation Ltd.

Notes to Financial Statements

For the year ended December 31, 1991

1. Cessation Of Operations

Effective July 1, 1986, the Corporation sold its fixed assets, technology, inventory and other assets and contracts to Lavalin Industries Inc. ("Lavalin"). Lavalin purchased the assets through a new company, UTDC Inc. Under the terms of the sale, the Corporation retained its existing major contracts ("retained contracts") (see note 7). The Corporation is responsible for the completion of the retained contracts and for all warranty and performance related matters. As part of the sale agreement, the Corporation entered into an Agency Agreement whereby UTDC Inc. agreed to complete all retained contracts on behalf of the Corporation. Future revenues were insufficient to offset the expenses required to complete the Corporation's contracts. As a result provisions for the estimated costs to complete all contracts and to wind up the Corporation's business activities have been accrued. Such costs include estimated contract losses, warranty provisions, management fees, overhead and all operating costs to completion of warranty obligations.

On November 8, 1991, Lavalin went into bankruptcy and the Province of Ontario took control of UTDC Inc. and funded its operations until February 7, 1992 at which time substantially all of the assets of UTDC Inc. were sold to Bombardier Inc.

2. Accounting Policies

The consolidated financial statements of the Corporation have been prepared by management in accordance with accounting principles generally accepted in Canada. The significant accounting policies are summarized below:

(a) Accounting for long-term contracts

Revenues and expenditures under cost reimbursable contracts are recorded as costs are incurred and fees are earned. Revenues and expenditures on long-term fixed price contracts are recorded on a percentage of completion basis, measured by costs incurred. Provisions for losses on contracts are recorded when they become known.

(b) Translation of foreign currencies

The Corporation's operations include certain contracts which were negotiated and are accounted for in U.S. dollars. The asset and liability accounts related to these contracts are translated to Canadian dollars at the rate of exchange at the balance sheet date. Revenue and expenses are translated at the weighted average rate for the year. The Corporation also assumed the current and future gains or losses on the US bank indebtedness of The Ontario Transportation Development Corporation ("OTDC"), an affiliated company.

Urban Transportation Development Corporation Ltd.

Notes to Financial Statements

For the year ended December 31, 1991

3. Debenture

The following is a summary of the significant terms and conditions of the debenture:

- (a) the principal amount of the \$20 million debenture is payable on August 31, 1996;
- (b) interest is payable by December 31 of each year based on 25% of the cumulative pre-tax profits of UTDC Inc. to August 31 of such year less the interest paid or payable prior to such date. The Corporation has agreed to indemnify UTDC Inc. for any incremental income taxes which result from interest on the debenture not being deductible for income tax purposes. Interest income on the debenture during the year was nil (1990 - \$2,629,000);
- (c) the redemption of the debenture and the payment of interest is guaranteed by Lavalin Ltee/Ltd. in the event of default by UTDC Inc. The debenture provides for mandatory principal prepayments between 1990 and 1996 in the event that interest payments do not reach stipulated levels.

On February 7, 1992, UTDC Inc. was put into receivership and substantially all of its assets were sold to Bombardier Inc. As a result, management has made a provision of \$20 million against the debenture since it is not anticipated that the remaining net assets of UTDC Inc. will be sufficient to meet its obligations. Any debenture repayments which are received by the Corporation will be accounted for in the year of receipt.

4. Due from UTDC Inc.

Certain amounts due from UTDC Inc. are being provided by the Province of Ontario.

Urban Transportation Development Corporation Ltd.**Notes to Financial Statements**

For the year ended December 31, 1991

5. Capital Stock(In thousands
of dollars)Authorized -
20,000,000 common sharesUnlimited non-voting, redeemable,
retractable Class A preferred shares

Issued -

14,240,008 common shares

2,450,000 Class A preferred shares

\$ 35,691
245,000\$ 280,691**6. Contributed Surplus**

During the year, the Corporation received 6,059,000 from OTDC in order to fund its operations and advance funds to UTDC Inc.

7. Commitments

The Corporation has entered into a long-term sales contract with the Detroit Transportation Corporation to implement a 4.7 kilometre Intermediate Capacity Transit System (ICTS) and supply 12 vehicles. The system commenced revenue service in 1987.

The Corporation is currently involved in various field service and retrofit activities on the Detroit ICTS contract. The Corporation is committed under various purchase contracts with suppliers and subcontractors relating to this sales contract.

8. Contingencies

The Corporation has experienced delays in delivery schedules and technical problems with its Detroit ICTS contract and these factors could result in additional costs. The Detroit ICTS contract which is outstanding has provisions established to cover the warranty on both the vehicles and the systems. There are also claims and counter-claims with certain suppliers under the Corporation's contract.

Provisions have been made in the financial statements for the estimated costs to remedy problems, disputes, warranties, claims and for estimated recoveries where appropriate.

Any further losses incurred in respect of the matter referred to in this note will be accounted for in the financial statements in the year in which they are determined.

Balance Sheet

WORKERS' COMPENSATION BOARD

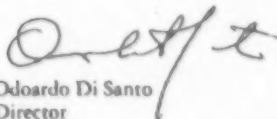
Balance Sheet

December 31, 1991

(\$ millions)

	1991	1990
Assets		
Cash and cash equivalents (note 2)	\$ 202	\$ 277
Assessments receivable	443	479
Investments (notes 2 and 3)	5,674	5,436
Other assets	49	38
Fixed assets (notes 2 and 4)	47	44
	<u>\$ 6,415</u>	<u>\$ 6,274</u>
Liabilities		
Accounts payable and accrued charges	\$ 277	\$ 329
Benefits liability, estimated		
to be payable within one year (note 2)	1,680	1,500
Deposits (note 10)	43	33
	<u>2,000</u>	<u>1,862</u>
Injured Workers' Retirement Fund (note 5)	2	-
Benefits liability, estimated		
to be payable beyond one year (note 2)	14,760	13,500
	<u>16,762</u>	<u>15,362</u>
Unfunded Liability	<u>(10,347)</u>	<u>(9,088)</u>
	<u>\$ 6,415</u>	<u>\$ 6,274</u>

On behalf of the board of directors:


Odoardo Di Santo
Director


Brian King
Director

The accompanying notes form an integral part of the financial statements.

Statements of Revenues and Expenses and Unfunded Liability

WORKERS' COMPENSATION BOARD

Statements of Revenues and Expenses and Unfunded Liability
For the Year Ended December 31, 1991

(\$ millions)

	1991	1990
Revenues		
Assessment (note 2)	\$ 2,505	\$ 2,596
Investment (notes 2 and 3)	<u>450</u>	<u>440</u>
	<u>2,955</u>	<u>3,036</u>
Expenses		
Benefits paid (note 5)	2,342	2,059
Net increase in benefits liability	1,440	1,220
Transfers to Injured Workers' Retirement Fund (note 5)	<u>2</u>	<u>-</u>
Benefits expense	3,784	3,279
Administrative and other (note 6)	343	323
Legislated obligations (note 7)	<u>87</u>	<u>53</u>
	<u>4,214</u>	<u>3,655</u>
Excess of Expenses Over Revenues	1,259	619
Unfunded Liability, beginning of year	9,088	8,469
Unfunded Liability, end of year	<u>\$ 10,347</u>	<u>\$ 9,088</u>

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

WORKERS' COMPENSATION BOARD

Statement of Cash Flows

For the Year Ended December 31, 1991

(\$ millions)

	1991	1990
Cash Flows from Operating Activities		
Assessment receipts	\$ 2,541	\$ 2,621
Benefits paid	(2,342)	(2,059)
Administrative, legislated obligations and other expenses paid	(453)	(349)
Investment income received	293	335
Cash provided by operating activities	<u>39</u>	<u>548</u>
Cash Flows from Investing Activities		
Purchases of long-term investments	(1,148)	(1,865)
Proceeds from sales and maturities of long-term investments	1,134	1,364
Purchases of short-term investments, net	(82)	(199)
Purchases of fixed assets	(18)	(17)
Cash used for investing activities	<u>(114)</u>	<u>(717)</u>
Decrease in cash and cash equivalents during the year	(75)	(169)
Cash and Cash Equivalents, beginning of year	<u>277</u>	<u>446</u>
Cash and Cash Equivalents, end of year	\$ 202	\$ 277

The accompanying notes form an integral part of the financial statements.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements

December 31, 1991

(\$ millions)

1. Nature of operations

The Workers' Compensation Board (the WCB) is a Crown Agency created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*), R.S.O. 1990.

The WCB administers the *Act* for two groups of employers referred to as Schedules 1 and 2. Schedule 1 relates to industries in which the employers are insured through "collective liability" and are required to contribute to the WCB's Accident Fund. Schedule 2 relates to employers who are "self-insured", in that they are individually liable. The same applies to the federal government, which is covered under a separate agreement with Labour Canada. The WCB pays the actual cost of claims for workers of self-insurers and is reimbursed by those employers for the claims paid, as well as for the cost of administering the claims.

The WCB does not receive government funding or other assistance and raises funds through assessments on the payrolls of employers covered under the *Act* in order to provide compensation to workers of those employers who are injured in the course of employment or who contract an occupational disease.

2. Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles. The financial statements consolidate the activities of the Accident Fund, of self-insurers, and of the Injured Workers' Retirement Fund. The significant accounting policies are summarized as follows:

Cash and cash equivalents

Cash and cash equivalents are operating funds consisting of cash with banks and deposits having maturities within three months of the date of purchase.

Investments

a) Bonds, coupons and mortgages

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

b) Equities

Equities are carried at cost adjusted towards market value, using a moving average market method based on five years. Realized gains and losses are deferred and amortized over a five-year period.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
December 31, 1991

c) Real estate

Real estate is carried at cost adjusted towards market value, using a moving average market method based on 10 years. Realized gains and losses are deferred and amortized over a 10-year period.

d) Short-term securities

Short-term securities consist of money market instruments with maturities of less than 12 months from the date of purchase and are carried at amortized cost. Gains and losses from sales are included in income in the year they occur.

e) Foreign currency translation

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. These investments are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

Fixed assets and depreciation

Fixed assets are stated at cost. Fixed assets, excluding land, are depreciated using the straight-line method at rates calculated to expense the cost of assets over the estimated useful lives.

Assessment revenue

Assessment revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the Act, adjusted for claim experience, where relevant. Future adjustments, if any, will be reflected in future accounting periods when such adjustments become known.

Included in assessment revenue are reimbursements by self-insurers for claims paid, as well as the cost of administering the claims.

Benefits liability

Benefits liability is based on the level and nature of entitlements and actuarial determinations. Estimates for reported and unreported claims which occurred on or before December 31 are based upon past experience, modified for current trends. While significant judgemental factors are included in the determination of unpaid claims, particularly those relating to Bill 162, management believes the amounts provided for unpaid claims are adequate. Adjustments, if any, resulting from continuous review of entitlements and actuarial evaluations will be recorded in future accounting periods when such adjustments become known. Benefits liability has been discounted to present value, using a real interest rate of 3 per cent.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements

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Benefits liability does not include any provision for payment of claims relating to self-insurers, as it is a liability of the self-insurers.

As in prior years, provision has not been made for future administration costs of existing claims, arising in whole or in part, from employment prior to December 31, 1991, as they cannot be reasonably estimated. Similarly, provision has not been made for the cost of claims for occupational/industrial diseases, or for the cost of existing claims for diseases and injuries that are not currently considered to be work related that may in the future be considered to be work related.

Leases

Leases are classified as either capital or operating. Capital leases are recorded as the acquisition of an asset and the incurrence of an obligation. The asset is depreciated over its useful life and the obligation is amortized over the lease term. Operating lease payments and rental costs are charged to expenses as incurred.

3. Investments and investment revenue

	1991		1990	
	Carrying Value	Market Value	Carrying Value	Market Value
Fixed Income Securities				
Bonds				
- Government	\$ 207	\$ 222	\$ 224	\$ 218
- Corporate	1,224	1,278	1,237	1,198
Coupons	1,166	1,321	1,034	1,020
Mortgages	437	459	514	506
	<u>3,034</u>	<u>3,280</u>	<u>3,009</u>	<u>2,942</u>
Equities				
Common shares				
Domestic	779	799	765	723
Foreign - U.S.	391	501	316	330
- Global	615	618	616	555
Real estate	340	346	325	356
	<u>2,125</u>	<u>2,264</u>	<u>2,022</u>	<u>1,964</u>
Short-term Securities				
Money market instruments	457	457	347	347
Accrued investment income	58	58	58	58
	<u>\$ 5,674</u>	<u>\$ 6,059</u>	<u>\$ 5,436</u>	<u>\$ 5,311</u>

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
December 31, 1991

The WCB engages in a securities lending program whereby investments are loaned to borrowers, approved by the investment fund's custodian, for a fee, against high quality collateral. At December 31, 1991, the market value of securities on loan is \$273 million (1990: \$114 million).

Revenue by category of investment is as follows:

	1991	1990
Bonds	\$ 151	\$ 163
Coupons	118	98
Mortgages	52	55
Common shares	71	47
Real estate	19	29
Money market instruments	46	54
	<u>457</u>	<u>446</u>
Less: Investment expenses	7	6
	<u>\$ 450</u>	<u>\$ 440</u>

4. Fixed assets

	1991		1990	Depreciation Rates %
	Cost	Net Book Value	Net Book Value	
Land	\$ 7	\$ 7	\$ 7	-
Buildings	11	3	3	2½
Leasehold improvements	6	1	2	10
Equipment	80	35	31	20
Motor vehicles	2	1	1	25
	<u>\$ 106</u>	<u>\$ 47</u>	<u>\$ 44</u>	

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
December 31, 1991

5. Benefits paid

Benefits paid consist of the following:

	Schedule 1		Self-insurers	
	1991	1990	1991	1990
Temporary compensation	\$ 194	\$ 696	\$ 76	\$ 81
Worker pensions	597	475	68	53
Rehabilitation	456	264	37	19
Health care	206	214	23	20
Supplement	151	131	12	11
Dependency	82	75	10	9
Medical reports	19	10	2	1
Future economic loss	8	-	1	-
	<u>\$ 2,113</u>	<u>\$ 1,865</u>	<u>\$ 229</u>	<u>\$ 194</u>

Under section 44 of the *Act*, the WCB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of the *Act* for the purpose of providing a retirement pension. For the first time, in 1991, \$2 million was set aside relating to payments made to injured workers under section 43 of the *Act*. In accordance with the provisions of the *Act*, these funds are segregated from the WCB's Accident Fund and are invested to provide for future pension payments (note 10).

6. Administrative and other expenses

Administrative and other expenses
consist of the following:

	1991	1990
Salaries and employee benefits	\$ 255	\$ 214
Equipment maintenance and depreciation	26	24
Occupancy	18	18
Communication	15	15
Supplies and services	13	10
Miscellaneous	10	8
Travel and vehicle maintenance	5	4
	<u>342</u>	<u>293</u>
Accident prevention (note 7)	1	30
	<u>\$ 343</u>	<u>\$ 323</u>

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
December 31, 1991

7. Related party transactions

Legislated obligations

The WCB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. The WCB is also required by the *Workers' Compensation Act* to fund the operating costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, the Industrial Disease Standards Panel, the Workplace Health and Safety Agency (WHSA) and the mine rescue stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour and, in certain instances, the WCB is directed by the Lieutenant Governor through Orders in Council to make these payments. The total amount of funding provided under these legislated obligations in 1991 was \$87 million (1990 - \$53 million).

On August 15, 1990, legislation to amend the *Occupational Health and Safety Act* was proclaimed, establishing the WHSA, which succeeded the Occupational Health and Safety Education Authority, to oversee the provincial safety associations (except the Farm Safety Association), and the Workers' Health and Safety Centre of the Ontario Federation of Labour.

The WCB is required to provide funding of \$60 million (1991: \$53 million) to the WHSA for the 1992 calendar year, of which \$53 million was paid on January 2, 1992 and the balance on February 28, 1992.

Accident Prevention

In 1991, accident prevention expenses related to the Farm Safety Association were \$1 million. In 1990, accident prevention expenses which included funding for all provincial safety associations up to August 15, 1990 were \$30 million. These expenses are included in administrative and other expenses (note 6).

Ontario Workers' Compensation Institute

The WCB also provides funding for the Ontario Workers' Compensation Institute (OWCI). The funding provided in 1991 was \$3 million (1990: \$1.5 million). These expenses are included in administrative and other expenses.

Other

In addition to the legislated obligations, accident prevention expenses and funding for OWCI referred to above, the financial statements also include amounts resulting from routine operating transactions conducted at prevailing market prices, with various Ontario Government-controlled Ministries, Agencies, and Crown Corporations with which the WCB may be considered related. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
December 31, 1991

8. Commitments and contingencies

a) Leases

At December 31, 1991, the WCB was committed under non-cancellable leases requiring future minimum payments as follows:

1992	\$ 14
1993	9
1994	6
1995	2
1996	1
Beyond five years	1
	<u>\$ 33</u>

At December 31, 1990, total future minimum payments were \$46 million.

The original long-term lease for the premises occupied by WCB's head office expires in 1994. The WCB is currently negotiating for alternate premises for its head office.

b) Investment commitments

At December 31, 1991, outstanding investment commitments amount to \$9 million (1990 - \$31 million), primarily consisting of commitments to future mortgage advances.

c) Legal actions

The WCB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material adverse effect on the WCB.

9. Pension plan

The WCB has a contributory defined benefit pension plan for its employees and employees of the provincial safety associations, which provides for pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WCB.

An independent actuarial valuation performed as of December 31, 1991 has determined that the pension plan is in a surplus position. As at December 31, 1991, the Plan's funded status was as follows:

	1991	1990
Pension assets	\$ 444	\$ 384
Accrued pension obligations	\$ 332	\$ 297

Effective January 1, 1992, the pension plan was amended to provide for partial indexing of pension benefits to provide members inflation protection. The accrued pension obligations after the partial indexing on January 1, 1992 is \$412 million.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
December 31, 1991

10. Segmented financial information

Operating results and net assets (liabilities) of Schedule 1, self-insurers and of the retirement fund established in accordance with section 44 of the *Act*, included in the 1991 financial statements are as follows:

	Schedule 1	Self- insurers	Retiremen.ent Fund	Total
Operating results:				
Assessment revenue (<i>note 2</i>)	\$ 2,242	\$ 263	\$ -	\$ 2,505
Net investment revenue	450	-	-	450
Benefits paid	(2,113)	(229)	-	(2,342)
Transfers to Injured Workers'				
Retirement Fund (<i>note 5</i>)	(2)	-	2	-
Net increase in benefits liability	(1,440)	-	-	(1,440)
Increase in Injured Workers'				
Retirement Fund (<i>note 5</i>)	-	-	(2)	(2)
Administrative, legislated				
obligations and other expenses	(396)	(34)	-	(430)
Excess of expenses over revenues	<u>\$ (1,259)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,259)</u>

	Schedule 1	Self- insurers	Retirement Fund	Total
Net assets (liabilities):				
Cash and investments	\$ 5,849	\$ 25	\$ 2	\$ 5,876
Benefits liability (<i>note 2</i>)	(16,440)	-	-	(16,440)
Injured Workers' Retirement Fund (<i>note 5</i>)	-	-	(2)	(2)
Deposits	-	(43)	-	(43)
Other net assets	244	18	-	262
Unfunded liability	<u>\$(10,347)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(10,347)</u>

11. Comparative figures

Certain re-classifications have been made to the prior year financial statements to conform to the current year's presentation.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
December 31, 1991

Responsibility For Financial Reporting

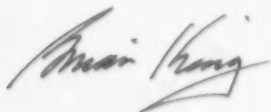
The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The board of directors has established an Audit Committee, comprising three directors who are not officers or employees of the Board, to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, the internal auditors and the external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the Board's internal controls, practices and procedures.

The external auditors, Arthur Andersen & Co., working on behalf and under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the Board in accordance with generally accepted auditing standards and, accordingly, included an evaluation of the Board's systems of internal control. The Provincial Auditor's Report outlines the scope of this independent audit and his opinion on the financial statements of the Board.

The firm of Eckler Partners Ltd. has been appointed as the independent consulting actuaries to the Board for year-end 1991. Their opinion on the adequacy and appropriateness of the valuation of the Board's actuarial liabilities, and on the proper provision for these costs, is presented as a part of these financial statements.



Brian King
Vice-Chair of Administration



Glenn W. Cooper
Executive Director,
Finance and Chief Financial Officer

April 6, 1992

Auditor's Report

To the Workers' Compensation Board
and to the Minister of Labour:

I have audited the balance sheet of the Workers' Compensation Board of Ontario (WCB) as at December 31, 1991 and the statements of revenues and expenses and unfunded liability, and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario
April 6, 1992



J. F. Otterman, F.C.A.
Assistant Provincial Auditor

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
December 31, 1991

Consulting Actuary's Report

ECKLER PARTNERS

CONSULTING ACTUARY'S REPORT ON THE VALUATION OF THE
ACTUARIAL LIABILITIES OF THE SCHEDULE 1 ACCIDENT FUND OF THE
WORKERS' COMPENSATION BOARD OF ONTARIO
AS AT DECEMBER 31, 1991

We have determined the estimated present value as at December 31, 1991 of future compensation, rehabilitation and pension payments, health care expenses and retirement income benefits under Schedule 1 on account of accidents that occurred on or before that date to be \$16,440 million. We have examined the data upon which the calculations were based and found it to be sufficient for the purposes of the valuation and consistent with the Board's financial statements. We consulted with the Board's Director of Actuarial Services and management in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to industrial disease or for future expenses of administration.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In determining this liability, we took into account management's estimates of the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43 and of the portions of compensation for future loss of earnings under section 43 and of supplemental pensions under section 147(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence. We believe management's estimates in this regard to be reasonable. In determining the present value of future awards of supplemental pensions under section 147(4) of the *Act* we relied upon management's estimate of the number of such awards that will be made after December 31, 1991.

The present value reported above makes provision for estimated payments in all future years arising from accidents that occurred on or before December 31, 1991. The portion of the present value arising from such payments expected to be made in 1992 is approximately \$1,680 million. This amount was determined on the basis of the long-term assumptions appropriate for the determination of the present value. It does not represent a forecast of actual 1992 benefit payments, which will be influenced by short-term factors.

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements
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The valuation was based on the provisions of the *Workers' Compensation Act* in effect as of January 1, 1992. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3% per annum, on the assumption that investment income in excess of that rate will be required to finance increases in benefits related to inflation.

Except as otherwise noted above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, subject to the foregoing comments, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of \$16,440 million as at December 31, 1991 makes reasonable provision for future compensation, rehabilitation and pension payments, health care expenses and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1991.



David A. Short, F.S.A., F.C.I.A.



M. David R. Brown, F.S.A., F.C.I.A.

Actuaries with the firm of
Eckler Partners Ltd.

April 6, 1992